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Special Analyses

Legislative Authorization of Programs

The authorizations for VA's programs are contained in title 38 of the U.S. Code. With the exception of major medical construction projects and certain leases, annual authorization by the legislative committees and the Congress is not required. However, title 38 does provide for certain multiple-year authorizations for specific purposes. The authorization of the following items is limited by title 38 in regard to the time and/or amount as indicated:

Item	Section of U.S.C.	Annual Authorization	Expiration Date
Compensation and Pension			
◊ Rounding down of Cost-of-Living Adjustments in Compensation and DIC rates	38 USC 1104, 1303	As appropriated	Authorization extended to 2013 by P.L. 108-183, § 706
◊ Access to IRS data for purposes of verifying eligibility for pension	38 USC 5317(g)	As appropriated	Authorization extended to Sept. 30, 2008 by P.L. 106-419 § 402
◊ Reduction of pension to certain Medicaid-eligible veterans and surviving spouses receiving care in nursing homes	38 USC 5503(d)(7)	As appropriated	Authorization extended to Sept. 30, 2011 by P.L. 107-103 § 504
◊ Extension of authority to presume service-connection for additional diseases	38 USC 1116 (e)	As appropriated	Authorized through Sept. 30, 2015 by P.L. 107-103 § 201
◊ Temporary authority for performance of medical disability examinations by contract physicians			Authorized through December 31, 2009 by P.L. 108-183

Item	Section of U.S.C.	Annual Authorization	Expiration Date
Readjustment Benefits			
◊ Time limitation for educational assistance allowance expanded to expire either 10 years from discharge or November 30, 2009, whichever is later	38 USC 3031		Authorization in P.L. 106-117 § 702
◊ Rounding down of Cost-of-Living Adjustments in chapters 30 and 35 rates through FY 2013	38 USC 3015(h) 38 USC 3564		Authorization in P.L. 108-183 § 304
◊ Increase in benefit for individuals pursuing apprenticeship or on-job training under chapters 30, 32, and 35	38 USC 3032(c)(1), 3233(a), 3687(b)(2)		Authorized through Dec. 31, 2007 by P.L. 108-454 § 103
◊ Establish 3-year pilot program to provide on-job training benefits to train VA claims adjudicators	38 USC 3677		Authorized through Dec. 9, 2007 by P.L. 108-454 § 108
Veterans' Advisory Committee on Education	38 USC 3692		Authorization extended to Dec. 31, 2009 by P.L. 108-183 § 307
Research and Education Corporations			
◊ **Authorizes creation of new corporations**	38 USC 7368	As appropriated	Authorized through Dec. 31, 2008 by P.L. 108-170 § 402(c)

Item	Section of U.S.C.	Annual Authorization	Expiration Date
Housing Program			
◊ Pooled loans asset sales	38 USC 3720(h)		Authorization to Dec. 31, 2011 by P.L. 107-103 § 405
◊ Procedures regarding liquidation sales on defaulted home loans guaranteed by VA	38 USC 3732(c)		Authorization to Sept. 30, 2012 by P.L. 108—183 § 406
◊ Adjusts the loan fee for certain loans closed either before October 1, 2011, or on or after October 1, 2011, and before September 30, 2013	38 USC 3729(b)(2)		Authorization revised and extended through Sept. 30, 2013 by P.L. 108-183 § 405
◊ Housing assistance to homeless veterans	38 USC 2041		Authorization through Dec. 31, 2008 by P.L. 108-170 § 404
◊ Loan guarantee for multi-family transitional housing for homeless veterans	38 USC 2051-2054	Aggregate authorization $100,000,000	Authorized by P.L. 107-95 § 2066
◊ Adjustable Rate Mortgages (ARMs)	38 USC 3707		Authorization through Sept. 30, 2008 by P.L. 108-454 § 404
◊ Hybrid ARMs	38 USC 3707A		Authorization through Sept. 30, 2008 by P.L. 108-454 § 405
◊ Requires a minimum percentage of properties be sold with vendee financing	38 USC 3733(a)(7)		Requirements apply through Sept. 30, 2013 by P.L. 108-183 § 404
Native American Veteran Housing Loan Pilot Program	38 USC 3761, 3763	As appropriated	Authorization through Dec. 31, 2008 by P.L. 108-454 § 407

Item	Section of U.S.C.	Annual Authorization	Expiration Date
Medical Care			
◊ Authorizes hospital care, medical services, and nursing home care for any illness to veterans after the Gulf War for two years if in combat	38 USC 1710(e)(1)(D)	As appropriated	Authorization changed to two years after discharge from active duty by P.L. 105-368 § 102(a)(1)
◊ Treatment and rehabilitation for seriously mentally ill and homeless veterans	38 USC 2031(a)	As appropriated	Authorization through Dec. 31, 2006 by P.L. 107-95 § 5
◊ Assistance to homeless veterans -- grants and per diem payments to community providers	38 USC 2011-2013	As appropriated	Authorization through Sept. 30, 2006 by P.L. 109-114 § 230
◊ Housing Assistance for homeless veterans	38 USC 2041(c)	As appropriated	Authorization through Dec. 31, 2008 by P.L. 108-70, § 404
◊ Additional services to homeless and seriously mentally ill veterans at certain locations	38 USC 2033(d)	As appropriated	Authorized through Dec. 31, 2006 in P.L. 107-95 § 202(a)
◊ Required nursing home care for certain service-connected veterans	38 USC 1710A		Authorized to Dec. 31, 2008 by P.L. 108-170 § 106(b)
◊ Medical services includes noninstitutional extended care services	38 USC 1701(10)(A)	As appropriated	Authorized through Dec. 31, 2008 by P.L. 108-170 § 106(a)
◊ Agreement with National Academy of Sciences	38 USC 1116 Note		Authorized through Oct. 1, 2014 by P.L. 107-103 § 201
◊ Authorizes care for participation in DOD chemical and biological warfare testing	38 USC 1710(e)(1)(E)	As appropriated	Authorized through Dec. 31, 2005 by P.L. 108-170 § 102
Sharing of VA and Department of Defense Health Care Resources Joint Incentives Program	38 U.S.C. § 8111(d)		Authorized through September 30, 2007
Co-payments and Medical Care Cost Recovery			
◊ Recovery Audits for fee-basis contracts and other medical services contracts	38 USC § 1703(d)	As appropriated	Authorized through Sept. 30, 2008 by P.L. 18-422 § 601
Medical care cost recovery authority	38 USC 1729(a)(2)(E)		Authorization extended to Oct. 1, 2007 by P.L. 107-135 § 209(b)

Item	Section of U.S.C.	Annual Authorization	Expiration Date
General Operating Expenses			
◊ Maintenance of the VA Regional Office in the Republic of the Philippines	38 USC 315(b)	As appropriated	Authorization extended through Dec. 31, 2009 by P.L. 108-183 § 213.
◊ Advisory Committee on Minority Veterans	38 USC 544(e)	As appropriated	Termination date extended through Dec. 31, 2009 by P.L. 108-183 § 703
◊ Government Markers at Private Cemeteries	38 USC 2306(d)(3)		Authorization extended through Dec. 31, 2006 by P.L. 107-103 § 502
Enhanced-Use			
◊ Authority to enter into enhanced-use leases	38 USC 8169		Authorization extended through Dec. 31, 2011 by P.L. 106-117 § 208(e)
Education and Training			
◊ Homeless veterans reintegration programs	38 USC 2021(e)	As appropriated	Authorization through FY 2006 by P.L. 107-95 § 5

VA Facilities by Type

(as of November 2005)

EMPLOYEE EDUCATION CENTERS (19)

ALABAMA
Birmingham
Tuskegee

ARIZONA
Prescott

ARKANSAS
North Little Rock

CALIFORNIA
Long Beach

DISTRICT OF COLUMBIA
Washington

GEORGIA
Dublin

IDAHO
Boise

MAINE
Togus

MARYLAND
Perry Point

MINNESOTA
Minneapolis

MISSOURI
St. Louis (Jefferson Barracks Division)

NEBRASKA
Lincoln

NEW YORK
Northport

NORTH CAROLINA
Durham

OHIO
Cleveland (Brecksville Div.)

PENNSYLVANIA
Erie

SOUTH DAKOTA
Fort Meade

UTAH
Salt Lake City

CANTEEN SERVICE CENTRAL OFFICE AND FINANCE CENTER (1)

MISSOURI
St. Louis

CANTEEN SERVICE FIELD OFFICES (3)

CALIFORNIA (WESTERN)
Sepulveda

MARYLAND (EASTERN)
Ft. Howard

MISSOURI (CENTRAL)
St. Louis (Jefferson Barracks)

GERIATRIC RESEARCH, EDUCATION, AND CLINICAL CENTERS (21)

ALABAMA/GEORGIA
Birmingham/Atlanta

ARKANSAS
Little Rock

CALIFORNIA
Palo Alto
Sepulveda
West Los Angeles

FLORIDA
Gainesville/Miami

MARYLAND
Baltimore

MASSACHUSETTS
Bedford/Boston

MICHIGAN
Ann Arbor

MINNESOTA
Minneapolis

MISSOURI
St. Louis (John J. Cochran Division)

NEW YORK
Bronx/New York Harbor

NORTH CAROLINA
Durham

OHIO
Cleveland

PENNSYLVANIA
Pittsburgh

TENNESSEE
Nashville/Murfreesboro

TEXAS
San Antonio

UTAH
Salt Lake City

WASHINGTON
Seattle/American Lake

WISCONSIN
Madison

SERVICE AND DISTRIBUTION CENTER (1)

ILLINOIS
Hines

CENTRAL OFFICE (1)

DISTRICT OF COLUMBIA
Washington

FINANCE CENTERS (2)

TEXAS
Austin

ILLINOIS
Hines

RECORDS MANAGEMENT CENTER (1)

MISSOURI
St. Louis

AUTOMATION CENTER (1)

TEXAS
Austin

NATIONAL ACQUISITION CENTER (1)

ILLINOIS
Hines

SYSTEMS DEVELOPMENT CENTER (1)

TEXAS
Austin

ASSET MANAGEMENT SERVICE (1)

NEW JERSEY
Hillsborough

DENVER DISTRIBUTION CENTER (1)

COLORADO
Denver

CENTRAL DENTAL LABORATORIES (2)

DISTRICT OF COLUMBIA
Washington

TEXAS
Dallas

PREVENTIVE DENTAL SUPPORT CENTER (1)

TEXAS
Houston

MIAMI DEVELOPMENT CENTER FOR DENTAL OPERATIONS (1)

FLORIDA
Miami

PROSTHETIC AND SENSORY AIDS RESTORATION CLINICS (6)

CALIFORNIA
West Los Angeles

MISSOURI
St. Louis (Jefferson Barracks Division)

OHIO
Cleveland

GEORGIA
Decatur (Atlanta)

NEW YORK
New York

OREGON
Portland

LAW ENFORCEMENT TRAINING CENTER (1)

ARKANSAS
Little Rock

REGIONAL OFFICES WITH PENSION MAINTENANCE CENTERS (3)

MINNESOTA
St. Paul

PENNSYLVANIA
Philadelphia

WISCONSIN
Milwaukee

HEALTH REVENUE CENTER (1)

KANSAS
Topeka

HEALTH ADMINISTRATION MANAGEMENT CENTER (1)

COLORADO
Denver

ORTHOTIC/PROSTHETIC LABORATORIES (57)

ALABAMA
Montgomery

ARIZONA
Tucson

ARKANSAS
Little Rock

CALIFORNIA
Long Beach
Palo Alto
San Diego
San Francisco
Sepulveda
West Los Angeles

COLORADO
Denver

FLORIDA
Bay Pines
Gainesville
Miami
Tampa
West Palm Beach

GEORGIA
Decatur (Atlanta)

ILLINOIS
Chicago (Westside)
Hines

INDIANA
Indianapolis

KANSAS
Wichita

KENTUCKY
Louisville

LOUISIANA
New Orleans

MAINE
Togus

MASSACHUSETTS
Boston
Brockton (West Roxbury)

MICHIGAN
Detroit

MINNESOTA
Minneapolis

MISSOURI
Kansas City
St. Louis

NEW JERSEY
East Orange

NEW MEXICO
Albuquerque

NEW YORK
Albany
Bronx
Brooklyn
Buffalo
Castle Point
New York
Northport

OHIO
Cincinnati
Cleveland
Dayton

OKLAHOMA
Oklahoma City

OREGON
Portland

PENNSYLVANIA
Wilkes Barre

PUERTO RICO
San Juan

SOUTH CAROLINA
Columbia

TENNESSEE
Memphis
Nashville

TEXAS
Dallas
Houston
San Antonio
Temple

VIRGINIA
Hampton
Richmond

WASHINGTON
Seattle

WEST VIRGINIA
Martinsburg

WISCONSIN
Milwaukee

HEALTH ELIGIBILITY CENTER (1)

GEORGIA
Atlanta

DOMICILIARY REHABILITATION TREATMENT PROGRAMS (43)

ALABAMA
Tuscaloosa
Tuskegee

ALASKA
Anchorage

ARIZONA
Prescott

ARKANSAS
North Little Rock

CALIFORNIA
Menlo Park
West Los Angeles

FLORIDA
Bay Pines
Orlando

GEORGIA
Augusta
Dublin

ILLINOIS
N. Chicago

IOWA
Des Moines
Knoxville

KANSAS
Leavenworth

MARYLAND
Perry Point

MASSACHUSETTS
Bedford
Brockton

MINNESOTA
St. Cloud

MISSISSIPPI
Biloxi

MISSOURI
St. Louis

NEW JERSEY
Lyons

NEW YORK
Bath
Canandaigua
Montrose
St. Albans

OHIO
Chilicothe
Cincinnati
Cleveland
Dayton

OREGON
White City

PENNSYLVANIA
Butler
Coatesville
Pittsburgh

SOUTH DAKOTA
Hot Springs

TENNESSEE
Mountain Home

TEXAS
Bonham
Dallas
Temple

VIRGINIA
Hampton

WASHINGTON
Tacoma

WEST VIRGINIA
Martinsburg

WISCONSIN
Milwaukee

VA HOSPITALS (156)

ALABAMA
Birmingham
Montgomery
Tuscaloosa
Tuskegee

ARIZONA
Phoenix
Prescott
Tucson

ARKANSAS
Fayetteville
Little Rock
North Little Rock

CALIFORNIA
Fresno
Livermore
Loma Linda
Long Beach
Mather
Menlo Park
Palo Alto
San Diego
San Francisco
West Los Angeles

COLORADO
Denver
Grand Junction

CONNECTICUT
West Haven

DELAWARE
Wilmington

SOUTH CAROLINA
Charleston
Columbia

SOUTH DAKOTA
Fort Meade
Hot Springs
Sioux Falls

TENNESSEE
Memphis
Mountain Home
Murfreesboro
Nashville

DISTRICT OF COLUMBIA (1)
Washington

FLORIDA
Bay Pines
Gainesville
Lake City
Miami
Tampa
West Palm Beach

GEORGIA
Augusta (2)
Decatur
Dublin

HAWAII
Honolulu

IDAHO
Boise

ILLINOIS
Chicago (Westside)
Danville
Hines
Marion
North Chicago

INDIANA
Ft. Wayne
Indianapolis
Marion

IOWA
Des Moines
Knoxville
Iowa City

TEXAS
Amarillo
Big Spring
Dallas
Houston
Kerrville
San Antonio
Temple
Waco

KANSAS
Leavenworth
Topeka
Wichita

KENTUCKY
Lexington
Louisville

LOUISIANA
Alexandria
New Orleans
Shreveport

MAINE
Togus

MARYLAND
Baltimore
Perry Point

MASSACHUSETTS
Bedford
Brockton
Leeds
West Roxbury

MICHIGAN
Ann Arbor
Battle Creek
Detroit
Iron Mountain
Saginaw

MINNESOTA
Minneapolis
St. Cloud

UTAH
Salt Lake City

VERMONT
White River Junction

VIRGINIA
Hampton
Richmond
Salem

MISSISSIPPI
Biloxi
Gulfport
Jackson

MISSOURI
Columbia
Kansas City
Poplar Bluff
St. Louis (2)

MONTANA
Fort Harrison

NEBRASKA
Omaha

NEVADA
Las Vegas
Reno

NEW JERSEY
East Orange
Lyons

NEW MEXICO
Albuquerque

NEW YORK
Albany
Bath
Bronx
Brooklyn
Buffalo
Canandaigua
Castle Point
Montrose
New York
Northport
Syracuse

WASHINGTON
Seattle
Spokane
Tacoma
Walla Walla

WEST VIRGINIA
Beckley
Clarksburg
Huntington
Martinsburg

NORTH CAROLINA
Asheville
Durham
Fayetteville
Salisbury

NORTH DAKOTA
Fargo

OHIO
Chilicothe
Cincinnati
Cleveland (Brecksville)
Cleveland (Wade Park)
Dayton

OKLAHOMA
Muskogee
Oklahoma City

OREGON
Portland
Roseburg

PENNSYLVANIA
Altoona
Butler
Coatesville
Erie
Lebanon
Philadelphia
Pittsburgh-Univ. Drive
Pittsburgh-Highland Dr
Wilkes-Barre

PUERTO RICO
San Juan

RHODE ISLAND
Providence

WISCONSIN
Madison
Milwaukee
Tomah

WYOMING
Cheyenne
Sheridan

NURSING HOME UNITS (134)

ALABAMA
Tuscaloosa
Tuskegee

ARIZONA
Phoenix
Prescott
Tucson

ARKANSAS
Little Rock

CALIFORNIA
Fresno
Livermore
Loma Linda
Long Beach
Martinez
Menlo Park
Palo Alto
San Diego
San Francisco
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Pueblo

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West Haven

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Miami
Orlando
Tampa
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Decatur
Dublin

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Honolulu

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Danville
Hines
Marion
North Chicago

INDIANA
Indianapolis
Marion

IOWA
Knoxville

KANSAS
Leavenworth
Topeka
Wichita

KENTUCKY
Lexington

LOUISIANA
Alexandria

MAINE
Togus

MARYLAND
Baltimore
Perry Point

MASSACHUSETTS
Bedford
Brockton
Leeds

MICHIGAN
Ann Arbor
Battle Creek
Detroit
Iron Mountain
Saginaw

MINNESOTA
Minneapolis
St. Cloud

MISSISSIPPI
Biloxi
Jackson

MISSOURI
Columbia
Poplar Bluff
St. Louis

MONTANA
Miles City

NEBRASKA
Grand Island

NEVADA
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
Lyons

NEW MEXICO
Albuquerque

NEW YORK
Albany
Batavia
Bath
Bronx
Buffalo
Canandaigua
Castle Point
Montrose
Northport
St. Albans
Syracuse

NORTH CAROLINA
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Lebanon
Philadelphia
Pittsburgh (Aspinwall)
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Salem

WASHINGTON
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Vancouver
Walla Walla

WEST VIRGINIA
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WISCONSIN
Milwaukee
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Sheridan

VET CENTERS (206)

ALABAMA
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Fairbanks
Soldotna
Wasilla

ARIZONA
Phoenix
Prescott
Tucson

ARKANSAS
North Little Rock

CALIFORNIA
Anaheim
Capitola
Chico
Commerce
Concord
Corona
Culver City
Eureka
Fresno
Gardena
Oakland
Redwood City
Rohnert Park
Sacramento
San Bernadino
San Diego
San Francisco
San Jose
Sepulveda
Ventura
Vista

COLORADO
Boulder
Colorado Springs
Denver

CONNECTICUT
Norwich
West Haven
Weathersfield

TEXAS
Amarillo
Austin
Corpus Christi
Dallas
El Paso
Fort Worth
Houston (2)
Laredo
Lubbock
McAllen
Midland
San Antonio

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Wilmington

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Washington, DC

FLORIDA
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Orlando
Pensacola
Sarasota
St. Petersburg
Tallahassee
Tampa

GEORGIA
Atlanta
Savannah

HAWAII
Hilo
Honolulu
Kailua-Kona
Lihue
Wailuku

IDAHO
Boise
Pocatello

ILLINOIS
Chicago
Chicago Heights
East St. Louis
Evanston
Moline
Oak Park
Peoria
Springfield

INDIANA
Evansville
Fort Wayne
Indianapolis
Merryville

UTAH
Provo
Salt Lake City

VERMONT
South Burlington
White River Junction

VIRGINIA
Alexandria
Norfolk
Richmond
Roanoke

IOWA
Cedar Rapids
Des Moines
Sioux City

KANSAS
Wichita

KENTUCKY
Lexington
Louisville

LOUISIANA
Kenner
Shreveport

MARYLAND
Baltimore (2)
Silver Spring

MASSACHUSETTS
Boston
Brockton
Lowell
New Bedford
Springfield
Worcester

MAINE
Bangor
Caribou
Lewiston
Portland
Springvale

MICHIGAN
Detroit
Grand Rapids
Dearborn

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Duluth
St. Paul

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Biloxi
Jackson

WASHINGTON
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Seattle
Spokane
Tacoma
Yakima Valley

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Martinsburg
Morgantown
Princeton
Wheeling

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St. Louis

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Billings
Missoula

NEBRASKA
Lincoln
Omaha

NEVADA
Las Vegas
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
Jersey City
Newark
Trenton
Ventnor

NEW MEXICO
Albuquerque
Farmington
Santa Fe

NEW YORK
Albany
Babylon
Bronx
Brooklyn
Buffalo
Harlem
Manhattan
Rochester
Staten Island
Syracuse
White Plains
Woodhaven

NORTH CAROLINA
Charlotte
Fayetteville
Greensboro
Greenville
Raleigh

WISCONSIN
Madison
Milwaukee

WYOMING
Casper
Cheyenne

NORTH DAKOTA
Fargo
Minot

OHIO
Cincinnati
Cleveland
Columbus
Dayton
Parma

OKLAHOMA
Oklahoma City
Tulsa

OREGON
Eugene
Grants Pass
Portland
Salem

PENNSYLVANIA
Erie
Harrisburg
McKeesport
Philadelphia (2)
Pittsburgh
Scranton
Williamsport

RHODE ISLAND
Warwick

SOUTH CAROLINA
Columbia
Greenville
North Charleston

SOUTH DAKOTA
Rapid City
Sioux Falls

TENNESSEE
Chattanooga
Johnson City
Knoxville
Memphis

GUAM
Agana

PUERTO RICO
Arecibo
Ponce
Rio Piedras

VIRGIN ISLANDS
St. Croix
St. Thomas

VA OUTPATIENT CLINICS (711)

(Excludes clinics located at VA Hospitals—as of December 1, 2005)

ALABAMA
Dothan
Gadsden
Huntsville
Jasper
Madison
Mobile
Oxford
Sheffield

ALASKA
Fort Wainwright
Kenai

ARIZONA
Anthem
Bellemont
Buckeye
Casa Grande
Cottonwood
Ft Huachuca
Green Valley
Kingman
Lake Havasu City
Mesa
Payson
Safford
Show Low
Sun City
Yuma

ARKANSAS
Eldorado
Ft. Smith
Harrison
Hot Springs
Jonesboro
Mena
Mountain Home
Paragould
Texarkana

CALIFORNIA
Anaheim
Atwater
Auburn
Bakersfield
Brawley
Capitola
Chico
Chula Vista
City of Commerce
Corona
Culver City
Escondido
Eureka
Gardena
Lancaster
Lompoc
Long Beach
Los Angeles (2)
Lynwood
Mare Island
Martinez
McClellan AFB
Modesto
Oakland
Oxnard
Palm Desert
Redding
San Bruno
San Diego
San Francisco
San Gabriel
San Jose
San Luis Obispo
Santa Ana
Santa Barbara
Santa Fe Springs
Santa Rosa
Seaside
Sepulveda
Sonora
Stockton
Sun City

CALIFORNIA (cont)
Travis AFB
Tulare
Ukiah
Upland
Victorville
Vista

COLORADO
Alamosa
Aurora
Colorado Springs
Durango
Ft. Collins
Greeley
La Junta
Lakewood
Lamar
Montrose
Pueblo

CONNECTICUT
Danbury
New London
Newington
Stamford
Waterbury
Willimantic
Winsted

DELAWARE
Millsboro

DIST. OF COLUMBIA
Patterson Street
Southeast Washington

FLORIDA
Boca Raton
Brooksville
Coral Springs
Daytona Beach
Deerfield
Delray Beach
Dunedin
Ellenton
Fort Myers
Fort Pierce
Hollywood (2)
Homestead
Jacksonville
Key Largo
Key West
Kissimmee
Lakeland
Lecanto
Leesburg
Miami
Naples
New Port Richey
Oakland Park
Ocala
Okeechobee
Orlando
Panama City
Pensacola (2)
Port Charlotte
Sanford
Sarasota
Sebring
St. Augustine
St. Petersburg
Stuart
Tallahassee
The Villages
Vero Beach
Viera
Zephyrhills

GEORGIA
Albany
Columbus
East Point (2)
Lawrenceville
Macon
Oakwood
Savannah
Smyrna
Valdosta

GUAM
Agana Heights

HAWAII
Hilo
Kahului (2)
Kailua-Kona
Lihue

IDAHO
Lewiston
Pocatello
Twin Falls

VA OUTPATIENT CLINICS (continued)

ILLINOIS
Aurora
Belleville
Chicago (2)
Chicago Heights
Decatur
Effingham
Elgin
Freeport
Evanston
Galesburg
Joliet
LaSalle
Manteno
McHenry
Mt. Vernon
Oak Lawn
Oak Park
Peoria
Quincy
Rockford
Springfield

INDIANA
Bloomington
Crown Point
Evansville
Lawrenceburg
Muncie
New Albany
Richmond
South Bend
Terre Haute
West Lafayette

IOWA
Bettendorf
Dubuque
Ft. Dodge
Mason City
Sioux City
Waterloo

KANSAS
Abilene
Chanute
Emporia
Ft. Dodge
Fort Scott
Garnett
Hays
Holton
Junction City
Kansas City
Lawrence
Liberal
Paola
Parsons
Russell
Seneca
Wichita

KENTUCKY
Bellvue
Bowling Green
Fort Campbell
Fort Knox
Hanson
Lexington-Leestown
Louisville (3)
Paducah
Prestonsburg
Somerset

LOUISIANA
Baton Rouge
Houma
Jennings
Lafayette
Monroe

MAINE
Bangor
Calais
Caribou (2)
Portland
Rumford
Saco

MARYLAND
Baltimore
Cambridge
Charlotte Hall
Cumberland
Fort Howard
Glen Burnie
Greenbelt
Hagerstown
Pocomoke City

MASSACHUSETTS
Boston (2)
Dorchester
Edgartown
Fitchburg
Framingham
Gloucester
Greenfield
Haverhill
Hyannis
Lowell
Lynn
Nantucket
New Bedford
Leeds/Northhampton
Pittsfield
Quincy
Springfield (2)
Winchendon
Worcester

MICHIGAN
Benton Harbor
Flint
Gaylord
Grand Rapids
Hancock
Ironwood
Jackson
Kincheloe
Lansing
Marquette
Menominee
Muskegon
Oscoda
Pontiac
Traverse City
Yale

MINNESOTA
Brainerd
Fergus Fall
Hibbing
Maplewood
Montevideo
Rochester
St James (3)

MISSISSIPPI
Byhalia
Columbus
Greenville
Hattiesburg
Kosciusko
Meridian
Natchez (2)
Smithville (2)

MISSOURI
Belton
Camdenton
Cameron
Cape Girardeau
Farmington
Ft. Leonard Wood
Kirksville
Mexico
Mt. Vernon
Nevada
Salem
St. Charles
St. James
St. Joseph
St. Louis
Warrensburg
West Plains

MONTANA
Anaconda
Billings
Bozeman
Glasgow
Great Falls
Kalispell
Lame Deer
Miles City
Missoula
Sidney

NEBRASKA
Alliance
Grand Island
Lincoln
Norfolk
North Platte
Rushville
Scotts Bluff
Sidney

NEW HAMPSHIRE
Conway
Manchester
Portsmouth
Somersworth
Tilton

NEW JERSEY
Brick
Cape May
Elizabeth
Ft. Dix
Ft. Monmouth
Hackensack
Jersey City
Morris Plains
New Brunswick
Newark (2)
Paterson
Sewell
Trenton
Ventnor
Vineland

NEW MEXICO
Alamogordo
Artesia
Clovis
Espanola (6)
Farmington
Gallup
Hobbs
Las Cruces
Las Vegas (6)
Raton
Sante Fe
Silver City
Truth or Consequences

NEW YORK
Auburn
Bainbridge
Batavia
Binghamton
Bronx
Brooklyn
Carmel
Carthage
Catskill
Clifton Park
Cortland (2)
Dunkirk
Elizabethtown
Elmira
Fonda
Glen Falls
Islip
Jamaica/St Albans
Jamestown
Kingston
Lackwanna
Lindenhurst
Lockport
Lynbrook
Malone
Massena
Middletown
Monticello
New City
New York (3)
Niagara Falls
Olean
Oswego
Patchogue
Pine Plains
Plainview
Plattsburg
Port Jervis
Poughkeepsie
Riverhead
Rochester
Rome
Sinai
Schenectady
Staten Island
Sunnyside
Troy
Warsaw
Wellsville
White Plains
Yonkers

NEVADA
Ely
Henderson
Las Vegas
Minden
Pahrump

VA OUTPATIENT CLINICS (continued)

NORTH CAROLINA
Charlotte
Greenville
Jacksonville
Morehead City
Raleigh
Wilmington
Winston-Salem

NORTH DAKOTA
Bismarck
Grafton
Minot

OHIO
Akron
Ashtabula
Athens
Canton
Cleveland
Eastgate
East Liverpool
Grove City
Lancaster
Lima
Lorain
Mansfield
Marietta
Marion
Middletown
New Philadelphia
Painesville (2)
Portsmouth
Ravenna
Sandusky
Springfield
St. Clairsville
Toledo
Warren
Youngstown
Zanesville

OKLAHOMA
Ardmore
Clinton
Ft. Sill
Konawa
McAlester
Newkirk
Tulsa

OREGON
Bandon
Bend
Brookings
Eugene (2)
Klamath Falls
Ontario
Salem
Warrenton
White City

PENNSYLVANIA
Aliquippa
Allentown
Bangor
Berwick
Camp Hill
Dubois
Ellwood City (2)
Farrell
Greensburg
Horsham
Johnstown
Kittanning
Lancaster
Meadville
North Warren
Oil City
Parker
Philadelphia
Pittsburgh-Aspinwall
Pottsville (2)
Reading
Sayre
Smethport
Spring City
Springfield
State College
Tobyhanna
Uniontown
Washington
Williamsport
York

PUERTO RICO
Arecibo
Guayama
Mayaguez
Ponce

RHODE ISLAND
Middletown

SOUTH CAROLINA
Anderson
Beaufort
Florence
Greenville
Myrtle Beach
N. Charleston
Orangeburg
Rock Hill
Sumter

SOUTH DAKOTA
Aberdeen
Eagle Butte (3)
Kyle
McLaughlin
Mission
Pierre
Pine Ridge
Rapid City
Winner

TENNESSEE
Arnold AFB
Chattanooga
Clarksville
Cookeville
Dover
Knoxville
Memphis (2)
Mountain City
Nashville
Rogersville (6)
Savannah

TEXAS
Abilene
Austin
Beaumont
Beeville
Bonham
Bridgeport
Brownsville
Brownwood
Cedar Park
Childress
College Station
Corpus Christi
Dallas
Denton
Eagle Pass
Eastland (3)
Fort Worth (2)
Ft. Stockton
Galveston (2)
Greenville (2)
Kingsville
Laredo
Longview
Lubbock
Lufkin
Marlin
McAllen
New Braunfels
Odessa
Palestine
San Angelo
San Antonio (7)
San Diego
Sherman/Bonham (2)
Stamford
Stratford
Tyler
Uvalde
Victoria
Waxahachie (2)
Wichita Falls

UTAH
Fountain Green (2)
Orem
Roosevelt
Saint George
South Ogden

VERMONT
Bennington
Colchester
Newport
Rutland
St. Johnsbury (2)
Wilder

VIRGIN ISLANDS
St. Croix
St. Thomas

VIRGINIA
Alexandria
Covington
Danville (5)
Fredericksburg
Harrisonburg
Hillsville
Lynchburg
Marion
Martinsville
Norton
Pulaski
St Charles (10)
Stephens City
Stuarts Draft
Tazewell

WASHINGTON
Bremerton
Federal Way (3)
Longview
Richland
Vancouver
Yakima

WEST VIRGINIA
Charleston
Franklin
Gassaway
Logan
Parkersburg
Parsons
Petersburg
Williamson

WISCONSIN
Appleton
Baraboo
Beaver Dam
Chippewa Falls
Cleveland
Green Bay
Janesville
Kenosha
La Crosse
Loyal
Rhinelander
Superior
Union Grove
Wausau
Wisconsin Rapids

WYOMING
Casper
Gillette
Green River
Newcastle
Powell
Riverton
Rock Springs

INDEPENDENT OUTPATIENT CLINICS (4)

ALASKA	OHIO	PHILIPPINE ISLANDS	TEXAS
Anchorage	Columbus	Pasay City	El Paso

MOBILE CLINICS (5)

KENTUCKY	PENNSYLVANIA	WASHINGTON	WISCONSIN
Morehead	Wilkes-Barre	Spokane	Milwaukee
MARYLAND			
Baltimore			

CENTRALIZED MAIL OUT PHARMACIES (7)

CALIFORNA	KANSAS	SOUTH CAROLINA	TEXAS
Los Angeles	Leavenworth	Charleston	Dallas
ILLINOIS	MASSACHUSETTS	TENNESSEE	
Hines	Bedford	Murfreesboro	

OFFICE OF INFORMATION SERVICE SYSTEMS (1)

OHIO
Cleveland (Brecksville Division)

REGIONAL PROCESSING OFFICES (4)

GEORGIA	MISSOURI	NEW YORK	OKLAHOMA
Atlanta	St. Louis	Buffalo	Muskogee

REGIONAL LOAN CENTERS (9)

ARIZONA	FLORIDA	MINNESOTA	OHIO	VIRGINIA
Phoenix	St. Petersburg	St. Paul	Cleveland	Roanoke
COLORADO	GEORGIA	NEW HAMPSHIRE	TEXAS	
Denver	Atlanta	Manchester	Houston	

INSURANCE CENTER (1)

PENNSYLVANIA
Philadelphia

DEBT MANAGEMENT CENTER (1)

MINNESOTA
St. Paul

INFORMATION TECHNOLOGY CENTERS (2)

ILLINOIS	PENNSYLVANIA
Hines	Philadelphia

MORTGAGE LOAN ACCOUNTING CENTER (1)

TEXAS
Austin

HUMAN RESOURCE CENTERS (4)

COLORADO
Denver

MARYLAND
Baltimore

MICHIGAN
Detroit

MISSISSIPPI
Jackson

REGIONAL OFFICE- OUTPATIENT CLINIC (1)

PHILIPPINES
Manila

APPEALS MANAGEMENT CENTER (1)

DISTRICT OF COLUMBIA
Washington, DC

VETERANS BENEFITS ADMINISTRATION AREA OFFICES (4)

ARIZONA
Phoenix

MICHIGAN
Ann Arbor

OKLAHOMA
Muskogee

TENNESSEE
Nashville

REGIONAL OFFICES (57)

ALABAMA
Montgomery

ALASKA
Anchorage

ARIZONA
Phoenix

ARKANSAS
Little Rock

CALIFORNIA
Los Angeles
Oakland
San Diego

COLORADO
Denver (Lakewood)

CONNECTICUT
Hartford

DELAWARE
Wilmington

DISTRICT OF COLUMBIA
Washington

FLORIDA
St. Petersburg

GEORGIA
Atlanta

HAWAII
Honolulu

IDAHO
Boise

ILLINOIS
Chicago

INDIANA
Indianapolis

IOWA
Des Moines

KANSAS
Wichita

KENTUCKY
Louisville

LOUISIANA
New Orleans

MAINE
Togus

MARYLAND
Baltimore

MASSACHUSETTS
Boston

MICHIGAN
Detroit

MINNESOTA
St. Paul

MISSISSIPPI
Jackson

MISSOURI
St. Louis

MONTANA
Fort Harrison

NEBRASKA
Lincoln

NEVADA
Reno

NEW HAMPSHIRE
Manchester

NEW JERSEY
Newark

NEW MEXICO
Albuquerque

NEW YORK
Buffalo
New York

NORTH CAROLINA
Winston-Salem

NORTH DAKOTA
Fargo

OHIO
Cleveland

OKLAHOMA
Muskogee

OREGON
Portland

PENNSYLVANIA
Philadelphia
Pittsburgh

PUERTO RICO
San Juan

RHODE ISLAND
Providence

SOUTH CAROLINA
Columbia

SOUTH DAKOTA
Sioux Falls

TENNESSEE
Nashville

TEXAS
Houston
Waco

UTAH
Salt Lake City

VERMONT
White River Junction

VIRGINIA
Roanoke

WASHINGTON
Seattle

WEST VIRGINIA
Huntington

WISCONSIN
Milwaukee

PHILLIPPINES
Manila

OPERATING DIVISIONS OF AUDIT (9)

CALIFORNIA Los Angeles	GEORGIA Atlanta	MASSACHUSETTS Bedford	TEXAS Dallas	FLORIDA St. Petersburg (Bay Pines)
DISTRICT OF COLUMBIA Washington	ILLINOIS Chicago	MISSOURI Kansas City	WASHINGTON Seattle	

FIELD OFFICES OF INVESTIGATION (5)

CALIFORNIA Los Angeles	FLORIDA St. Petersburg (Bay Pines)	ILLINOIS Chicago	NEW JERSEY Newark	TEXAS Dallas

REGIONAL OFFICES OF HEALTHCARE INSPECTIONS (8)

CALIFORNIA Los Angeles	GEORGIA Atlanta	MASSACHUSETTS Bedford	TEXAS Dallas
DISTRICT OF COLUMBIA Washington	MISSOURI Kansas City	ILLINOIS Chicago	FLORIDA St. Petersburg (Bay Pines)

MEMORIAL SERVICE NETWORKS (5)

CALIFORNIA Oakland	COLORADO Denver	GEORGIA Atlanta	INDIANA Indianapolis	PENNSYLVANIA Philadelphia

VA NATIONAL CEMETERIES (120)

As of September 30, 2004

ALABAMA
Fort Mitchell (Seale)
Mobile (C)

ALASKA
Fort Richardson
Sitka

ARIZONA
NMCA (Phoenix)
Prescott (C)

ARKANSAS
Fayetteville
Fort Smith
Little Rock (C)

CALIFORNIA
Fort Rosecrans
(San Diego) (Cr)
Golden Gate
(San Bruno) (C)
Los Angeles (C)
Riverside
San Francisco (C)
San Joaquin
Valley (Gustine)

COLORADO
Fort Logan (Denver)
Fort Lyon

FLORIDA
Barrancas (Pensacola)
Bay Pines (Cr)
Florida National
(Bushnell)
St. Augustine (C)

GEORGIA
Marietta (C)

HAWAII
NMCP (Honolulu) (Cr)

ILLINOIS
Abraham Lincoln
(Elwood)
Alton (Cr)
Camp Butler (Springfield)
Danville
Mound City
Quincy (C)
Rock Island

INDIANA
Crown Hill
(Indianapolis)(C)
Marion
New Albany (Cr)

IOWA
Keokuk

KANSAS
Fort Leavenworth (Cr)
Fort Scott
Leavenworth

KENTUCKY
Camp Nelson
(Nicholasville)
Cave Hill (Louisville) (C)
Danville (C)
Lebanon
Lexington (C)
Mill Springs (Nancy)
Zachary Taylor
(Louisville) (C)

LOUISIANA
Alexandria (Pineville) (Cr)
Baton Rouge (Cr)
Port Hudson (Zachary)

MAINE
Togus (C)

MARYLAND
Annapolis (C)
Baltimore (Cr)
Loudon Park
(Baltimore) (C)

MASSACHUSETTS
Massachusetts National
(Bourne)

MICHIGAN
Fort Custer (Augusta)

MINNESOTA
Fort Snelling
(Minneapolis)

MISSISSIPPI
Biloxi
Corinth
Natchez

MISSOURI
Jefferson Barracks
(St. Louis)
Jefferson City (C)
Springfield (Cr)

NEBRASKA
Fort McPherson
(Maxwell)

NEW JERSEY
Beverly (C)
Finn's Point (Salem) (Cr)

NEW MEXICO
Fort Bayard (Bayard)
Sante Fe

NEW YORK
Bath
Calverton
Cypress Hills
(Brooklyn) (C)
Gerald B. H. Solomon
Saratoga (Schuylerville)
Long Island
(Farmingdale) (C)
Woodlawn (Elmira) (C)

NORTH CAROLINA
New Bern (C)
Raleigh (C)
Salisbury
Wilmington (C)

OHIO
Dayton
Ohio Western Reserve
(Rittman)

OKLAHOMA
Fort Gibson
Fort Sill (Elgin)

OREGON
Eagle Point
Roseburg (Cr)
Willamette (Portland)

PENNSYLVANIA
Indiantown Gap
(Annville)
Philadelphia (Cr)

SOUTH CAROLINA
Beaufort
Florence

SOUTH DAKOTA
Black Hills (Sturgis)
Fort Meade (C)
Hot Springs (C)

TENNESSEE
Chattanooga
Knoxville (Cr)
Memphis (Cr)
Mountain Home
Nashville
(Madison) (Cr)

TEXAS
Dallas/Ft. Worth
(Dallas)
Fort Bliss (El Paso)
Fort Sam Houston
(San Antonio)
Houston
Kerrville (C)
San Antonio (Cr)

VIRGINIA
Alexandria (Cr)
Balls Bluff
(Leesburg) (C)
City Point
(Hopewell) (C)
Cold Harbor
(Mechanicsville) (C)
Culpeper
Danville (Cr)
Fort Harrison Glendale
(Richmond) (Cr)
Hampton (C)
Hampton (VAMC) (C)
Quantico (Triangle)
(Richmond) (Cr)
Richmond (Cr)
Seven Pines
(Sandston) (C)
Staunton (C)
Winchester (C)

WASHINGTON
Tahoma (Kent)

WEST VIRGINIA
Grafton (C)
West Virginia National
(Pruntytown)

WISCONSIN
Wood (Milwaukee) (C)

PUERTO RICO
Puerto Rico (Bayamon)

Cr = Cremation Only
C = Closed
NMCA = National Memorial Cemetery of Arizona
NMCP = National Memorial Cemetery of the Pacific

Budget Authority
1996 - 2005 Actuals
(dollar in thousands)

Appropriation/Fund Account	1996 (Net)	1997 (Net)	1998 (Net)	1999 (Net)	2000 (Net)	2001 (Net)	2002 (Net)	2003 (Net)	2004 (Net)	2005 (Net)
Federal funds:										
Benefit programs										
Compensation and pensions	$18,603,561	$19,599,259	$20,482,997	$21,857,058	$21,568,364	$23,355,690	$26,044,288	$28,949,000	$29,842,126	$32,361,923
Readjustment benefits	1,155,300	1,377,000	1,366,000	1,175,358	1,469,000	1,981,000	2,135,000	2,264,808	2,529,734	2,801,997
Veterans insurance and indemnities	42,890	38,970	51,360	46,450	25,510	24,393	26,200	27,957	32,017	44,380
Veterans housing benefit program fund program account	211,314	556,423	1,079,177	1,547,766	1,660,155	497,515	918,890	1,464,750	356,581	2,042,210
Veterans housing benefit program fund liquidating account, permanent	0	100,000	269,999	153,555	0	0	0	-60,000	-40,000	-45,000
Native American veteran housing loan program account	205	205	515	515	520	531	544	886	1,265	567
Guaranteed transitional housing loans for homeless veterans	0	0	0	3,000	45,250	0	0	0	0	0
Education loan fund program account	195	195	200	206	214	221	65	70	197	0
Vocational rehabilitation loans program account	426	417	430	449	463	478	346	329	350	356
Total benefits programs	**20,013,891**	**21,672,469**	**23,250,678**	**24,784,357**	**24,769,476**	**25,859,828**	**29,125,333**	**32,647,800**	**32,722,270**	**37,206,433**
Medical programs:										
Medical care	16,551,048	17,012,406	17,723,975	17,818,771	19,462,191	20,949,897	22,592,233	25,369,020		
Medical services									20,449,427	23,244,878
Medical administration									4,095,078	3,310,427
Medical facilities									3,188,817	3,263,040
Total Medical care programs	16,551,048	17,012,406	17,723,975	17,818,771	19,462,191	20,949,897	22,592,233	25,369,020	27,733,322	29,818,345
Medical and prosthetic research	256,678	262,000	272,000	315,652	321,000	350,228	367,707	392,400	405,593	390,224
Medical administration and miscellaneous operating expenses	63,516	61,207	59,860	62,933	59,703	61,780	66,681	74,230	0	0
DoD/VA health care sharing Incentive fund									30,000	0
Medical care cost recovery fund, permanent	124,552	107,044	0	0	0	0	0	0	0	0
Total medical programs	**16,995,794**	**17,442,657**	**18,055,835**	**18,197,356**	**19,842,894**	**21,361,905**	**23,026,621**	**25,835,650**	**28,168,915**	**30,208,569**

Budget Authority
1996 - 2005 Actuals
(dollar in thousands)

Appropriation/Fund Account	1996 (Net)	1997 (Net)	1998 (Net)	1999 (Net)	2000 (Net)	2001 (Net)	2002 (Net)	2003 (Net)	2004 (Net)	2005 (Net)
Construction programs:										
Construction, major projects	135,969	250,858	177,900	142,287	65,140	65,895	183,180	99,526	671,578	455,130
Advance appropriation	0	-32,100	32,100	0	0	0	0	0	0	0
Construction, minor projects	189,740	175,000	175,000	174,984	160,000	165,974	210,900	224,531	250,656	228,933
Grants for the construction of State extended care facilities	47,397	47,397	80,000	90,000	90,000	99,780	100,000	99,350	101,498	104,322
Grants for the construction of State veterans cemeteries	1,000	1,000	10,000	10,000	25,000	24,945	25,000	31,792	31,811	31,744
Parking revolving fund	0	12,300	0	-23	0	6,486	4,000	0	0	0
Total construction programs	**374,106**	**454,455**	**475,000**	**417,248**	**340,140**	**363,080**	**523,080**	**455,199**	**1,055,543**	**820,129**
Information Technology										1,283,517
National cemetery administration	72,507	76,864	84,183	91,794	97,138	109,137	121,078	132,284	143,352	141,998
General operating expenses and misc.:										
General operating expenses	847,016	827,584	786,577	881,643	940,643	1,100,469	1,197,914	1,353,196	1,275,201	1,299,404
Office of Inspector General	30,858	30,900	31,013	35,927	43,170	46,256	52,269	57,623	61,634	68,180
Total GOE and miscellaneous	**877,874**	**858,484**	**817,590**	**917,570**	**983,813**	**1,146,725**	**1,250,183**	**1,410,819**	**1,336,835**	**1,367,584**
Total appropriations (adjusted)	**38,261,665**	**40,428,065**	**42,599,103**	**44,316,531**	**45,936,323**	**48,731,538**	**53,925,217**	**60,349,468**	**63,283,563**	**69,602,715**
DEDUCT: Proprietary receipts from the public	-705,246	-1,651,724	-930,532	-1,360,619	-1,737,422	-2,476,478	-3,206,663	-1,485,924	-1,697,725	-1,868,383
Total federal funds	**37,556,419**	**38,776,341**	**41,668,571**	**42,955,912**	**44,198,901**	**46,255,060**	**50,718,554**	**58,863,544**	**61,585,838**	**67,734,332**
Trust funds:										
Post-Vietnam era veterans education account	15,328	17,120	38,475	5,152	3,979	3,552	2,298	1,266	1,024	619
General post fund	27,235	29,796	30,974	33,331	32,185	35,295	35,334	30,576	31,066	30,926
Pershing Hall revolving fund	0	0	0	0	-250	-250	-250	-250	0	0
National service life insurance	1,288,040	1,247,795	1,195,577	1,248,935	1,236,168	1,239,233	1,219,747	1,192,335	1,238,240	1,210,888
U.S. Government life insurance	7,260	6,495	6,133	11,319	11,132	10,579	9,682	8,506	7,877	7,323
Service-disabled veterans insurance fund	0	0	0	-10,279	6,803	7,609	4,219	0	0	1
Veterans reopened insurance fund	0	0	0	10,317	11,687	13,216	14,781	0	0	-1
Veterans special life insurance fund	0	0	0	-18,945	-22,328	-26,520	-28,696	0	0	0
Servicemembers' group life insurance fund	0	0	0	0	-33	-596	-64	957	0	-21
National cemetery gift fund	70	130	102	62	187	98	183	78	78	0
Total trust funds (gross)	**1,337,933**	**1,301,336**	**1,271,261**	**1,279,892**	**1,279,530**	**1,282,216**	**1,257,234**	**1,233,468**	**1,278,285**	**1,249,735**
DEDUCT: Proprietary receipts from the public	-240,161	-234,113	-219,321	-206,820	-203,129	-203,558	-185,392	-1,282,639	-2,677,090	-1,474,804
Total trust funds (net)	**1,097,772**	**1,067,223**	**1,051,940**	**1,073,072**	**1,076,401**	**1,078,658**	**1,071,842**	**-49,171**	**-1,398,805**	**-225,069**
DEDUCT: Intragovernmental transactions	-13,361	-15,478	-37,475	-8,537	-3,200	-2,463	-2,693	-1,665	-1,279	-1,670
Total Department of Veterans Affairs	**$38,713,337**	**$39,904,950**	**$42,767,219**	**$44,112,241**	**$45,369,240**	**$47,440,392**	**$51,908,781**	**$58,944,992**	**$60,329,106**	**$68,933,108**

Budget Outlays
1996 - 2005 Actuals
(dollar in thousands)

Appropriation/Fund Account	1996 (Net)	1997 (Net)	1998 (Net)	1999 (Net)	2000 (Net)	2001 (Net)	2002 (Net)	2003 (Net)	2004 (Net)	2005 (Net)
Federal Funds:										
Benefit programs:										
Compensation & pensions	$17,170,151	$19,388,765	$20,289,481	$21,147,622	$23,819,890	$21,419,720	$25,678,949	$28,020,904	$29,783,850	$34,693,641
Readjustment benefits	1,212,385	1,287,931	1,310,475	1,445,217	1,497,293	1,608,226	1,987,727	2,364,257	2,684,382	2,936,589
Veterans insurance and indemnities	42,773	37,736	50,863	46,660	25,578	24,484	25,661	27,958	31,638	44,649
Reinstated entitlement program for survivors	-2,057	-4,004	8,774	0	1,466	-2,130	733	3,478	0	0
Veterans housing benefit program fund liquidating account	-146,336	48,562	-38,608	-370,788	-255,081	-3,966	-126,537	-61,218	-92,958	-76,577
Veterans housing benefit program fund program account	211,314	556,423	1,077,995	1,547,766	1,660,155	497,515	918,886	1,450,699	370,964	2,033,378
Native American veteran housing loan program account	685	378	726	664	663	647	935	886	1,278	555
Service-disabled veterans insurance fund	-3,188	-362	-18,919	-10,667	6,764	7,933	3,237	5,548	3,002	-6,281
Veterans reopened insurance fund	1,189	3,170	5,714	6,586	9,588	11,707	12,543	15,065	17,896	19,840
Education loan fund liquidating account	-492	-397	-276	-183	-88	-49	-27	-43	109	
Education loan modification									-129	
Education loan fund program account	195	195	200	206	214	221	64	70	69	
Vocational rehabilitation loans program account	425	417	430	449	463	478	332	329	337	347
Servicemembers' group life insurance fund	8,473	4,853	-180	-264	-288	-330	-331	-3,466	5,239	-21
Total benefits programs	**18,495,517**	**21,323,667**	**22,686,675**	**23,813,268**	**26,766,617**	**23,564,456**	**28,502,172**	**31,824,467**	**32,805,677**	**39,646,120**
Medical programs:										
Medical care	16,047,971	16,601,655	17,271,136	17,846,220	19,249,329	20,926,823	22,624,343	24,755,762		
Medical services									21,877,112	22,593,839
Medical administration									3,418,844	3,181,744
Medical facilities									2,472,619	2,954,872
Total Medical care programs	16,047,971	16,601,655	17,271,136	17,846,220	19,249,329	20,926,823	22,624,343	24,755,762	27,768,575	28,730,455
Medical and prosthetic research	232,109	234,851	246,871	316,192	329,400	339,056	359,523	363,988	389,091	381,150
Medical administration and miscellaneous operating expenses	56,697	63,489	57,426	60,682	58,540	64,473	64,723	68,370	0	0
DoD/VA health care sharing Incentive fund	0	0	0	0	0	0	0	0	0	0
Medical care cost recovery fund	108,701	122,664	11,483	599	0	0	0	0	0	0
Health professional scholarship program	6,363	1,788	51	17	0	0	0	0	0	0
Medical facilities revolving fund	-526	-469	1,631	-193	621	713	327	167	212	
Veterans extended care revolving fund	0	0	0	0	0	0	0	-3,076	-1,673	
Special therapeutic and rehabilitation activities fund	-2,734	-1,875	-1,669	-2,069	-1,652	-1,317	-1,762	-1,116	-796	
Canteen service revolving fund	-2,119	3,330	485	138	-1,941	5,948	5,050	-4,814	3,447	-5,813
Total medical programs	**16,446,462**	**17,025,433**	**17,587,414**	**18,221,586**	**19,634,297**	**21,335,696**	**23,052,204**	**25,179,281**	**28,158,856**	**29,105,792**

Budget Outlays
1996 - 2005 Actuals
(dollar in thousands)

Appropriation/Fund Account	1996 (Net)	1997 (Net)	1998 (Net)	1999 (Net)	2000 (Net)	2001 (Net)	2002 (Net)	2003 (Net)	2004 (Net)	2005 (Net)
Construction programs:										
Construction, major projects	477,779	396,187	307,042	290,429	171,797	178,846	176,434	124,886	118,396	146,041
Construction, minor projects	146,715	148,825	155,563	175,561	163,988	156,774	156,632	173,260	199,766	214,363
Parking revolving fund	13,509	4,602	8,793	11,681	14,636	4,814	504	795	3,404	
Grants to the Republic of the Philippines	377	473	36	2	0	0	0	0	0	0
Grants for the construction of State extended care facilities	57,155	40,665	49,273	39,899	101,073	60,482	83,123	86,286	77,369	96,780
Grants for the construction of State veterans cemeteries	2,316	6,111	2,638	3,943	12,256	20,347	28,537	25,286	39,168	22,510
Nursing home revolving fund	0	-277	-76	-52	-172	158	0	0	0	0
Total construction programs	**697,851**	**596,586**	**523,269**	**521,463**	**463,578**	**421,421**	**445,230**	**410,513**	**438,103**	**479,694**
Information Technology										731,605
National cemetery administration	70,595	77,413	80,734	88,720	95,336	103,351	119,874	125,218	135,593	145,384
General operating expenses and misc.:										
General operating expenses	860,963	815,062	785,853	866,699	881,602	1,071,700	1,145,365	1,220,932	1,252,361	1,183,180
Franchise fund	0	-11,241	-18,910	-948	-11,315	-7,060	-21,037	-17,300	-5,532	-14,880
Office of Inspector General	29,085	30,864	29,209	34,571	38,805	47,236	52,179	53,228	57,819	65,184
Supply fund	-14,357	-1,484	16,009	-27,746	-91,640	-48,909	-193,259	-313,041	-146,211	-357,915
Pershing hall revolving fund	-45	46	91	-303	4	-446	0	-264	-109	-45
Total GOE and miscellaneous	**875,646**	**833,247**	**812,252**	**872,273**	**817,456**	**1,062,521**	**983,248**	**943,555**	**1,158,328**	**875,524**
Total appropriations (adjusted)	**36,515,476**	**39,778,933**	**41,609,610**	**43,428,590**	**47,681,948**	**46,384,094**	**52,982,854**	**58,357,816**	**62,560,964**	**70,107,130**
DEDUCT: Proprietary receipts from the public	-705,246	-1,651,724	-930,532	-1,360,619	-1,737,422	-2,476,478	-3,206,663	-1,485,924	-1,697,725	-1,868,383
Total federal funds	**35,810,230**	**38,127,209**	**40,679,078**	**42,067,971**	**45,944,526**	**43,907,616**	**49,776,191**	**56,871,892**	**60,863,239**	**68,238,747**
Trust funds:										
Post-Vietnam era veterans education account	42,711	85,678	39,378	20,467	13,272	14,402	9,006	4,658	3,560	2,897
General post fund	23,963	26,557	27,904	28,871	28,439	31,910	30,921	30,367	27,487	30,508
National service life insurance	1,240,347	1,226,565	1,210,483	1,201,357	1,241,852	1,221,445	1,175,521	1,178,204	1,231,445	1,206,851
U.S. Government life insurance	15,007	13,395	12,146	11,581	11,405	10,866	9,904	9,525	9,316	8,525
Veterans special life insurance	-34,042	-30,229	-18,238	-37,250	-42,676	-46,643	-51,856	-43,404	-37,141	-40,256
National cemetery gift fund	44	69	88	115	132	92	99	144	51	0
Total trust funds (gross)	**1,288,030**	**1,322,035**	**1,271,761**	**1,225,141**	**1,252,424**	**1,232,072**	**1,173,595**	**1,179,494**	**1,234,718**	**1,208,525**
DEDUCT: Proprietary receipts from the public	-240,213	-234,113	-219,321	-206,820	-203,129	-203,558	-185,392	-1,282,639	-2,677,090	-1,474,804
Total trust funds (net)	**1,047,817**	**1,087,922**	**1,052,440**	**1,018,321**	**1,049,295**	**1,028,514**	**988,203**	**-103,145**	**-1,442,372**	**-266,279**
DEDUCT: Intragovernmental transactions	-13,361	-15,478	-37,475	-8,537	-3,200	-2,463	-2,693	-1,665	-1,279	-1,670
Total Department of Veterans Affairs	**$36,915,281**	**$39,277,066**	**$41,774,777**	**$43,166,475**	**$47,085,957**	**$45,037,018**	**$50,881,575**	**$56,892,300**	**$59,555,181**	**$68,847,787**

Total Average Employment
1995 - 2005 Actuals

Appropriation/Fund Account	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Medical programs											
Medical care	200,448	195,153	186,135	184,768	182,661	179,520	182,946	183,712	186,553	*	*
Medical services										131,140	135,283
Medical administration										34,218	35,652
Medical facilities										28,914	26,715
Total medical care programs	200,448	195,153	186,135	184,768	182,661	179,520	182,946	183,712	186,553	194,272	197,650
Medical and prosthetic research	3,676	3,250	2,957	2,758	2,974	3,014	3,019	3,096	3,217	3,234	3,206
Medical administration and miscellaneous operating expenses	778	635	569	522	488	514	528	534	551	*	*
Canteen service revolving fund					3,010	2,933	2,933	2,899	2,837	2,890	2,952
Total medical programs	**204,902**	**199,038**	**189,661**	**188,048**	**189,133**	**185,981**	**189,426**	**190,241**	**193,158**	**200,395**	**203,808**
Construction programs											
Construction, major projects	37	25	25	26	34	21	21	6	6	0	6
Construction, minor projects	80	85	50	57	45	50	43	53	50	36	50
Total construction programs	**117**	**110**	**75**	**83**	**79**	**71**	**64**	**59**	**56**	**36**	**56**
General operating expenses											
Veterans Benefits Administration	13,147	12,603	11,919	11,254	11,247	11,356	12,152	13,073	13,206	12,795	12,582
General administration	2,837	2,740	2,229	2,153	2,388	2,459	2,555	2,598	2,385	2,431	2,499
Total general operating expenses	**15,984**	**15,343**	**14,148**	**13,407**	**13,635**	**13,815**	**14,707**	**15,671**	**15,591**	**15,226**	**15,081**
National Cemetery Administration	1,315	1,287	1,283	1,328	1,357	1,399	1,385	1,454	1,476	1,492	1,523
Office of Inspector General	390	365	339	322	342	354	370	393	399	434	454
Franchise Fund	…	…	433	546	357	358	636	670	662	706	688
Office of Acquisition and Materiel Management	404	378	350	355	644	643	361	382	410	421	413
Total Non-exempt employment	**223,112**	**216,521**	**206,289**	**204,089**	**205,547**	**202,621**	**206,949**	**208,870**	**211,752**	**218,710**	**222,024**
Exempt											
Medical care cost recovery	2,254	2,269	2,239	…	…	…	…			…	…
Canteen service revolving fund	3,121	3,065	2,979	2,977	…	…	…			…	…
Total Department of Veterans Affairs	**228,487**	**221,855**	**211,507**	**207,066**	**205,547**	**202,621**	**206,949**	**208,870**	**211,752**	**218,710**	**222,024**

* Reflects change in the Veterans Health Administration appropriations structure as enacted in 2004

Estimates and Projections of the Veteran Population of the United States, Puerto Rico, US Island Areas [6], and Foreign Countries
April 1, 2000 -- September 30, 2015

(Number of Veterans in Thousands)

	Estimates			Projections						
	4/1/2000 [5]	9/30/2003	9/30/2004	9/30/2005	9/30/2006	9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2015
All Veterans [1]	**26,745**	**25,191**	**24,793**	**24,387**	**23,977**	**23,532**	**23,071**	**22,606**	**22,148**	**19,988**
Wartime Veterans [1]	**20,100**	**18,794**	**18,477**	**18,156**	**17,835**	**17,484**	**17,110**	**16,714**	**16,302**	**14,074**
Gulf War [2] [3]	**3,065**	**3,825**	**4,105**	**4,378**	**4,647**	**4,877**	**5,076**	**5,242**	**5,379**	**5,671**
GW Only	2,733	3,474	3,753	4,027	4,297	4,531	4,733	4,902	5,043	5,359
GW, VNE Only	325	344	345	345	343	341	338	335	331	308
GW, VNE, KC Only	7	6	6	6	6	5	5	5	5	4
GW, VNE, KC, WWII Only	1	1	1	1	1	1	1	1	1	*
Vietnam Era [2]	**8,477**	**8,233**	**8,147**	**8,055**	**7,956**	**7,850**	**7,736**	**7,616**	**7,487**	**6,714**
VNE Only	7,705	7,504	7,437	7,365	7,287	7,203	7,112	7,015	6,910	6,254
VNE, KC Only	277	249	240	231	221	211	200	189	178	120
VNE, KC, WWII Only	163	129	119	109	99	90	81	72	63	29
Korean Conflict [2]	**4,105**	**3,586**	**3,423**	**3,257**	**3,086**	**2,913**	**2,736**	**2,557**	**2,377**	**1,497**
KC Only	3,268	2,899	2,781	2,658	2,531	2,400	2,265	2,127	1,987	1,280
KC, WWII Only	389	302	277	253	230	207	185	164	144	64
WWII [2]	**5,786**	**4,319**	**3,916**	**3,526**	**3,152**	**2,795**	**2,458**	**2,143**	**1,850**	**750**
WWII Only	5,233	3,887	3,519	3,163	2,822	2,498	2,192	1,907	1,642	657
Peacetime Veterans [4]	**6,646**	**6,397**	**6,316**	**6,232**	**6,142**	**6,048**	**5,961**	**5,892**	**5,846**	**5,915**
Post GW [3]	0	0	0	0	0	0	13	47	111	791
Between GW & VNE	3,498	3,474	3,466	3,458	3,448	3,437	3,426	3,413	3,399	3,308
Between KC & VNE	2,904	2,728	2,669	2,606	2,538	2,467	2,391	2,311	2,227	1,753
Pre-KC, not WW II	245	195	181	168	156	143	132	120	110	62

Detail may not add to totals or subtotals due to rounding.

[1] Veterans serving in more than one period of service are counted only once in the total.

[2] This sum includes veterans who served in multiple periods.

[3] Purely for the purpose of allocating veterans to period of service, the Gulf War is assumed to end on September 30, 2007 in these estimates and projections.

[4] Veterans who served both in wartime and peacetime are only counted as serving in wartime.

[5] These data differ slightly from published census data because they include 17 year-old veterans and veterans in foreign counties, neither of which are included in the published census.

[6] US Island Areas is composed of Virgin Islands, Guam, American Samoa, and the Northern Marianas.

* Fewer than 500.

Source: VetPop2004 Ver1.0, Office of the Actuary, VA, December 2005

Major Management Challenges

The Department's Office of Inspector General, an independent entity, evaluates VA's programs and operations. The OIG-identified Major Management Challenges for 2005 are summarized below by strategic goal together with VA's responses.

OIG SUMMARY TABLE	
Major Findings & Recommendations	**Responses**
Strategic Goal #1: Restoration and Improved Quality of Life for Disabled Veterans	
OIG#2 - Benefits Processing Area Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #2A - State Variances in VA Disability Compensation Programs	
• In May 2005, we issued the report on state variances in VA disability compensation payments. Our analysis showed that some disabilities are inherently more susceptible to variations in rating determinations. This is attributed to a combination of factors, including a disability rating schedule based on a 60-year-old model and some diagnostic conditions that lend themselves to more subjective decision-making. • Data showed that the variance in 100 percent post-traumatic stress disorder (PTSD) cases is a primary factor contributing to the variances in average annual compensation payments by state. We concluded that 25 percent of the 2,100 PTSD claims reviewed had insufficient verification of claimed service-related stressors. VBA's quality review program did not detect the problems we found in PTSD cases. • We made eight recommendations to VBA including that it conduct a scientifically sound study of influences on compensation payments and develop methods and data to monitor and address variances. • VBA is in the process of addressing the eight unimplemented recommendations identified in our report. VBA is reviewing the same 2,100 PTSD claims used in our May 2005 report. VBA has referred cases from the first stage of their review to regional offices for additional development and corrective actions.	• VBA is in the process of addressing the recommendations identified by the OIG by taking the following actions: ➢ We are currently reviewing the same 2,100 PTSD cases reviewed by the OIG reviewed to obtain a better understanding of the deficiencies found by the OIG so that additional training and guidance can be provided to staff. ➢ In 2006, VBA will begin reviewing specific cases during site visits to identify the disability evaluations most prone to inconsistency. ➢ VBA will also analyze rating and claims data on an ongoing basis to identify any unusual patterns or variance by regional office or diagnostic code for further review. • VA's Office of Policy has initiated a contract with the Institute for Defense Analysis to conduct a scientific study in response to the OIG's recommendation.

OIG SUMMARY TABLE

Major Findings & Recommendations	Responses
Strategic Goal #1: Restoration and Improved Quality of Life for Disabled Veterans, continued	
OIG#2 - Benefits Processing Area, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #2B - Compensation and Pension Timeliness	
• Although VA had made some progress in addressing its claims processing backlog, its efforts have been impeded by a variety of issues to include the complexity of claims, a court decision, and the war on terrorism. • VBA reported 418,000 total claims pending in June 2003, then the backlog increased to 469,000 as of June 2004, and then to over 504,000 by the end of September 2005. When examining just the rating related claims pending, VBA reported 253,000 for September 2003, an increase to 321,000 as of September 2004, and a total of over 346,000 by the end of September 2005. • VA credits improvements in reducing backlogs from the original peak to the reforms recommended by the Secretary's Claims Processing Task Force report of October 2001. • As of August 2005, VBA reported all approved task force recommendations have been implemented. • In light of VBA's assertion that all VA Task Force recommendations were implemented, we will initiate a review to determine why pending claims have increased in the past 2 years and to measure the relevancy of VA Task Force recommendations to the increase in pending claims, or if new barriers to timely claims processing exist. • While the number of claims pending rating decisions has increased, Compensation and Pension (C&P) rating actions that averaged 189 days for completion in January 2004 are averaging 167 days as of September 2005, demonstrating improvement in the timeliness of claims processing.	• Progress in achieving timeliness and inventory goals is significantly affected by the increasing numbers of claims being received and the increased complexity of those claims. • The number of veterans filing initial disability compensation claims and claims for increased benefits has increased every year since 2000. • Complexity is a factor, particularly because of evolving legal interpretations of requirements issued by the Court of Appeals for Veterans Claims such as the ruling that required decisions on issues not claimed by the veteran but which are "reasonably raised by the medical evidence of record" ("inferred issues"). • The Veterans Claims Assistance Act, passed in November 2000, increased VA's notification and development duties considerably, adding more steps to the claims process and lengthening the time it takes to develop and decide a claim and also requiring that VA review the claims at more points in the decision process. • In addition to the increased volume and complexity of claims, the number of conditions for which veterans claim entitlement to disability compensation continues to increase.

OIG SUMMARY TABLE

Major Findings & Recommendations	Responses
Strategic Goal #1: Restoration and Improved Quality of Life for Disabled Veterans, continued	
OIG #2 - Benefits Processing Area, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #2C - Compensation and Pension Program's Internal Controls	
• In 1999, the Under Secretary for Benefits asked the OIG for assistance to help identify internal control weaknesses that might facilitate, or result in, fraud in VBA's C&P program. • In our July 2000 follow-up report, we identified that 16 of the 18 previously reported categories of vulnerability remained present at VA's largest VA regional office (VARO). After over 5 years, 2 of 26 recommendations remain unimplemented. • In 2005 C&P internal controls continue to be identified as a weakness during OIG Combined Assessment Program (CAP) reviews at VAROs. Specifically, physical security controls over sensitive records needed improvement at 10 of 16 facilities. • Since VBA points to VETSNET as an important step in strengthening internal controls, the OIG Office of Audit will be evaluating VETSNET design, development, and project management to determine if the application met design specifications, achieved project milestones, and improved accuracy of benefit payments.	• The two recommendations not fully implemented are tied to implementation of the VETSNET Award application. VETSNET is a combination of applications being deployed to replace the current Benefits Delivery Network. • The first recommendation is related to systemic controls over adjudication of employee claims at the employing VARO. At the present time, VETSNET Award is being tested in two facilities that do not share employee-veteran jurisdiction. The projected completion date for testing is December 2005. • The second recommendation requires the use of an automated third-person authorization control to monitor payments greater than $25,000. VBA provided further support for closing the recommendation based on the interim C&P large-payment review process instituted in 2001. This process continues to be reviewed during C&P Service site visits and is also validated through the OIG CAP review process. VETSNET Award implementation is slated for December 2006. • Regarding weaknesses identified by OIG CAP reviews, the C&P Service reviews OIG findings prior to all site visits and follows up to determine if the CAP review findings have been corrected. VAROs are required to provide an implementation plan for the noted action items within 60 days from the date of the report.

OIG SUMMARY TABLE

Major Findings & Recommendations	Responses
Strategic Goal #1: Restoration and Improved Quality of Life for Disabled Veterans, continued	
OIG #2 - Benefits Processing Area, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #2D - Fugitive Felon Program	
• Public Law 107-103, The Veterans Education and Benefits Expansion Act of 2001, enacted December 27, 2001, prohibits veterans who are fugitive felons, or their dependents, from receiving specified veterans benefits. • As of May 2005, more than 6.9 million warrant files have been matched to more than 11 million records contained in VA benefit system files. The records match resulted in 17,469 referrals to various law enforcement agencies and led to the apprehension of 872 fugitive felons, including the arrest of 58 VA employees. In addition, 13,509 fugitive felons identified in these matches have been referred to VA for benefit suspension resulting in the creation of $79 million identified for recovery and an estimated cost avoidance of $174.5 million. • As of June 2005, VHA received over 7,800 referrals from the VA OIG. VHA's handbook outlining procedures for the Fugitive Felon program was approved in December 2004, and we now expect full implementation by VHA. We view the Fugitive Felon program as fully implemented in VBA and agree it is no longer a major management challenge there, but our assessment of implementation in VHA continues.	• VBA continues to work closely with the OIG in implementing the Fugitive Felon program. • VHA provided copies of the VHA Fugitive Felon Program Handbook published in January 2005 to network directors and also provided copies of fugitive felon listings at the end of June 2005. Networks are now validating warrants.
Strategic Goal #2: Smooth Transition to Civilian Life	
The OIG did not identify Major Management Challenges related to this goal.	

OIG SUMMARY TABLE

Major Findings & Recommendations	Responses
Strategic Goal #3: Honoring, Serving, and Memorializing Veterans	
OIG #1 - Health Care Delivery Area Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #1A - Part-Time Physician Time and Attendance	
• Our April 2003 report identified VA physicians who were not present during their scheduled tours of duty, were not providing VA the services obligated by their employment agreement, or were "moonlighting" on VA time. • Over 2 years later, 5 of 12 recommendations from our 2003 report to improve physician timekeeping remain unimplemented. • OIG CAP reviews have assessed physician time and attendance issues at about 70 facilities nationwide and identified deficiencies at over 30.	• VHA Directive 2003-1, *Time and Attendance for Part-time Physicians*, reiterates existing human resources policy and suggests methods of documenting time and attendance and the proper roles for part-time physicians. • Elimination of core hours for those part-time physicians on alternative work schedules was agreed upon by all relevant organizational elements. The new policy is documented in revisions to three VA handbooks. These revised policies are expected to be released nationally in October 2005. • A period of 60 to 90 days will be needed after the issuance of the policies to allow installation and debugging of the software and completion of necessary training.
OIG #1B - Staffing Guidelines	
• The absence of staffing standards for physicians and nurses continues to impair VHA's ability to adequately manage medical resources. Public Law 107-135, Department of Veterans Affairs Health Care Program Enhancement Act of 2001, enacted on January 23, 2002, requires VA to establish a policy to ensure that staffing for physicians and nurses at VA medical facilities is adequate to provide veterans appropriate, high-quality care and services. • After over 2 years, four of five recommendations relating to physician staffing remain unimplemented from our April 2003 part-time physician time and attendance report. • Our August 2004 evaluation of nurse staffing found that managers could have managed their resources better in providing patient care if VHA had developed and implemented consistent staffing methodologies, standards, and data systems. Currently, 11 of 14 recommendations for improvement remain unimplemented. • The OIG continues to work with VHA to review their proposed policy due to concerns over compliance with the intent of Public Law 107-135, particularly with respect to national standards for nurse staffing; the length of time VHA projects to establish a complete set of staffing standards; and questions over the need to develop new data systems versus using existing data resources, such as Decision Support System in a consistent manner.	• VA has developed a proposed policy to meet the requirement of Public Law 107-135. The policy relates staffing levels and staff mix to patient outcomes and other performance measures. Under this proposed policy, all VHA facilities would be required to develop a written staffing plan for each distinct unit of patient care or health services. • Currently there are no information management systems available that would support nationwide standardized staffing plans for health care providers in varied care settings. However, the workload and patient outcome indicators in the staffing plans required under this directive and other related systems will be used to provide the basis for aggregate reviews at the local, network, and national levels. • It is anticipated that systems for the collection and analysis of this information will be developed in phases over a 4-year period and that they will be in place by September 30, 2009.

OIG SUMMARY TABLE

Major Findings & Recommendations	Responses
Strategic Goal #3: Honoring, Serving, and Memorializing Veterans, continued	
OIG #1 - Health Care Delivery Area, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #1C - Quality Management	
• While we found improvements in Quality Management (QM) programs, our July 2004 summary report found that facility managers need to strengthen QM programs through increased attention to the disclosure of adverse events, the utilization management program, the patient complaints program, and medical record documentation reviews. • Currently, of the report's six recommendations, the one to establish a national policy for disclosing adverse events to patients remains unimplemented. • In 2005 we reported QM deficiencies at six VA medical centers (VAMCs). We continued to identify problems with disclosure of adverse events, data collection, trending and analyses, and the patient complaints program.	• A new national policy on communication of adverse events will be issued in the first quarter of 2006. Within 6 months of its issuance, each facility will issue its own policy based on the national directive.
OIG #1D - Long-Term Health Care	
• We completed reviews in December 2002, involving VHA's Community Nursing Home (CNH) program; in December 2003, involving Homemaker/Home Health Aide (H/HHA) program; and in May 2004, involving VHA's Community Residential Care (CRC) program. We identified issues warranting VHA's attention in all three reviews. • We made recommendations to clarify and strengthen the VHA CNH oversight process and to reduce the risk of adverse incidents for veterans in CNHs. After almost 3 years, 3 of 11 recommendations for improvement still remain unimplemented. • We found VHA's H/HHA program also needed improvements. We inspected the program at 17 VA medical facilities and found that 14 percent of the patients receiving program services in our sample did not meet clinical eligibility requirements. After almost 2 years, two of four recommendations for improvement remain unimplemented. • In our May 2004 CRC report, we found VAMC inspection teams did not consistently inspect their CRC homes. Currently, 4 of 11 recommendations for improvement remain unimplemented.	• VHA has continued its implementation of actions outlined in the revised VHA Handbook 1143.2, *"Community Nursing Home (CNH) Oversight,"* published in June 2004, which addresses the majority of OIG recommendations concerning the community nursing home program. • VHA implemented a Geriatrics and Extended Care referral instrument and reporting system to monitor appropriate placements in its H/HHA services and other long-term care programs. This monitoring of the appropriateness of placements helps provide assurance that resources for those most in need of H/HHA services are used efficiently. • VA implemented 7 of the 11 recommendations with the publication of the CRC Handbook on March 7, 2005. The remaining initiatives require regulatory changes, which are presently being drafted.

OIG Summary Table

Major Findings & Recommendations	Responses
Strategic Goal #3: Honoring, Serving, and Memorializing Veterans, continued	
OIG #1 - Health Care Delivery Area, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #1E - Security and Safety	
• In March 2002, the OIG issued a series of recommendations to improve overall security, inventory, and internal controls over biological, chemical, or radioactive agents at VHA facilities. • VHA and the Office of Security and Law Enforcement have completed numerous actions, such as issuing research, clinical, and security publications, and constructing a biosecurity training Web site. In addition, VHA provided a certification that all VA medical facilities are in compliance with the policies. We will close the report after VHA develops procedures to forward requests for research articles to facility Freedom of Information Act Officers. • In a review requested by the Environmental Protection Agency (EPA), we found in our March 2004 report varying degrees of effort in conducting water system assessments and security reviews. No VHA facility reported that it coordinated efforts with EPA. Currently one of three recommendations to improve security of water systems on VHA properties remains unimplemented.	• VA expects to publish the revised VHA Handbook 1200.6 by the first quarter of 2006. It details procedures to forward requests for research articles to facility Freedom of Information Act officers. • VHA anticipates issuing a directive based upon the latest guidance from EPA and the Department of Homeland Security to address the remaining recommendation concerning improving the security of water systems on VHA properties by the end of the first quarter of 2006.
Strategic Goal #4: Contributing to the Nation's Well-Being	
The OIG did not identify Major Management Challenges related to this goal.	
Enabling Goal: Applying Sound Business Principles	
OIG #3 - Procurement Area Access the complete narrative for this challenge by clicking here: http://www.va.gov/budget/report)	
OIG #3A - Federal Supply Schedule Contracts	
• Preaward and postaward reviews of Federal Supply Schedule (FSS) proposals and contracts continue to show that VA is at risk of paying excessive prices for goods and services unless VA strengthens contract development and administration. During the first half of 2005, preaward reviews of 15 FSS and cost-per-test offers resulted in recommendations that VA contracting officers negotiate reduced prices totaling over $1 billion. • Postaward reviews conducted in the first half of 2005 resulted in cost recoveries associated with contractor overcharges of about $2.3 million.	• VA contracting officers are actively pursuing the OIG preaward audit recommendations and seeking better discounts, terms, and conditions than originally offered. • Additional training has been provided to the contracting staff to reinforce the intent of the FSS program to seek "equal to or better than" the most favored (non-federal, comparable) customer pricing during the negotiating process. • For postaward reviews conducted within the first 6 months of 2005, contracting staff has pursued the overcharges identified by the OIG.

OIG SUMMARY TABLE

Major Findings & Recommendations	Responses
Enabling Goal: Applying Sound Business Principles, continued	
OIG #3 - Procurement Area, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #3B - Contracting for Health Care Services	
• Our February 2005 summary report of VHA sole-source contracts discussed issues that we identified during preaward reviews of proposals, postaward reviews, and reviews conducted as part of the OIG's Combined Assessment Program. The report addressed general contracting issues including poor acquisition planning, contracting practices that interfered with the contracting officers' ability to fulfill their responsibilities, and contract terms and conditions that did not protect VA's interest; contract pricing issues that resulted in VA overpaying for services; and legal issues, including conflict of interest violations, improper personal services contracts, terms and conditions that were inherently governmental, and contracts that were outside the scope of § 8153 authority. For example, in 2003 the VHA Resource Sharing Office reported that 99 contracts valued at $500,000 or more were awarded. Only 3 of the 99 were referred for a preaward review. • The Under Secretary for Health concurred with the report's findings and recommendations to improve VHA's award and administration of these contracts. Currently, 32 of 35 recommendations remain open.	• VA Directive 1663, Health Care Resources Contracting Buying, is expected to be published and released no later than during the first quarter of 2006.
OIG #3C - Management of Major VHA Construction Contracts	
• Our February 2005 report identified that VHA needed to improve the construction contract award and administration process to ensure price reasonableness, prevent excessive prices, and deter or avoid fraud, waste, abuse, and mismanagement. We reviewed over 30 major construction contracts and identified a risk for excessive prices involving projects valued at $133.6 million. Currently 3 of 17 recommendations remain open.	• Fourteen of the OIG's 17 recommendations were closed by the OIG as a result of actions VHA has taken to strengthen the construction contract process. • The OIG final report was forwarded to all Office of Facilities Management (FM) staff, and it, along with the recommendations, were discussed in a mandatory national conference call in May 2005. • Several FM directives and manuals have been revised with expected publication and issue in the first quarter of 2006.

OIG SUMMARY TABLE	
Major Findings & Recommendations	**Responses**
Enabling Goal: Applying Sound Business Principles, continued	
OIG #3 - Procurement Area, continued Access the complete narrative for this challenge by clicking here: http://www.va.gov/budget/report)	
OIG #3D - Vocational Rehabilitation and Employment Contracts	
• Our February 2005 report found that VA had awarded over 240 VBA Vocational Rehabilitation and Employment contracts to support veterans' access to evaluations, rehabilitation, training, and employment services. Based on contracting vulnerabilities identified, we concluded that VA was at risk of paying excessive prices for services on these contracts. Prices for similar services from the same contractors on prior contracts varied significantly. Base year price increases ranged from 23 to 314 percent. • Voluntary price reductions received from 25 contractors showed that contracting costs could be reduced by as much as 15 percent, which would reduce VA's $45 million in expenditures by $6.8 million over the 5-year term of existing contracts. Currently five of seven recommendations remain open.	• Of the five open recommendations, two items are pending issuance of a directive. • To address the OIG action item on determining price reasonableness, VR&E staff is conducting market research prior to making option renewal determinations. This information will be used to establish base-year prices and annual increases of VR&E contracts. • The remaining two action items relate to internal and management controls. Contractor performance is assessed and quality assurance reviews are performed quarterly to validate that corrective actions have been taken on identified deficiencies.

OIG SUMMARY TABLE

Major Findings & Recommendations	Responses
Enabling Goal: Applying Sound Business Principles, continued	
OIG #3 - Procurement Area, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #3E – Contracting & Acquisition Support for Major System Development Initiatives	
• OIG completed reviews of two major VA system development initiatives in late 2004 and in 2005. • Our August 2004 CoreFLS System review concluded VA did not adequately contract for or monitor the CoreFLS project or protect the Government's interests. We identified systemic inadequacies in the contracting processes and serious weaknesses in contract development. We made 66 recommendations in the report. Twenty-nine of them relate directly to issues identified as major management challenges. Fourteen of these 29 recommendations remain open. • In our March 2005 report, we identified that VA's E-Travel initiative duplicates the General Services Administration's (GSA) efforts to provide E-Travel service options that all Federal agencies must use. We made recommendations to the Assistant Secretary for Management to initiate timely actions to migrate to one of GSA's approved E-Travel options, which could save $7.4 million over the next 10 years. Although all 10 report recommendations remain open, we expect to close the report recommendations in the near future since the Department has taken most of the actions needed to meet the intent of our recommendations or is making significant progress toward implementing the open recommendations. • Our findings showed that both of these projects lacked adequate control, risk management, and senior management oversight because acquisition activities were expedited, while key management and system development controls were omitted or weakened by actions associated with the accelerated pace.	• In April 2005 the Chief Information Officer sent a memorandum to the OIG requesting that the remaining recommendations regarding previous plans for implementation of a new integrated financial management system be closed since the Department was still evaluating what course of action would be most prudent for development and implementation of this type of system. VA has now initiated a 4-year remediation program to eliminate the existing material weakness—Lack of an Integrated Financial Management System. This new program will be referred to as VA's Financial and Logistics Integrated Technology Enterprise (FLITE)—the goal of which is to correct financial and logistics deficiencies throughout the Department. For FY 2006 and 2007, the work associated with FLITE will be primarily "functional" in nature, that is, oriented on planning and the standardization of financial and logistics processes and data. This effort will be led by the Assistant Secretary for Management and will be very labor intensive involving both contractors and Government personnel. During those fiscal years, a detailed review and analysis of software options will also occur and will include "pilot programs" as needed. • In January 2005, VA selected Electronic Data Systems (EDS) from GSA's e-Travel Service (eTS) master contract to provide eTS to VA. Shortly after awarding the task order, VA conducted testing to review the functionality of FedTraveler.com to ensure all items in the "request for quotes" were met. A gap analysis document was provided to EDS, listing all items found deficient by VA. All items are required to be completed before VA will implement FedTraveler.com.

OIG SUMMARY TABLE	
Major Findings & Recommendations	**Responses**
Enabling Goal: Applying Sound Business Principles, continued	
OIG #3 - Procurement Area, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #3F - Government Purchase Card Activities	
• In our April 2004 report, we identified additional opportunities to ensure that purchase cards are used properly. Of the eight recommendations, the one to develop and implement procedures and checklists for approving officials to use in monitoring cardholders' use of cards remains unimplemented. • During 2005, OIG CAP reviews continue to show that VA needs to improve controls for the effective administration of the Government purchase card program.	• In 2005 VA's Office of Business Oversight began using data mining techniques to identify potentially questionable purchase card transactions. Transactions identified as questionable, using criteria approved by the OIG, have been provided to station agency/organization program coordinators for research and validation. • Four desk guides for the purchase card program have been signed and placed on the VHA CFO Web site. A VHA handbook issued in June 2005, updates and clarifies procedures for the use of the government purchase card for VHA facilities and program offices. • The last VHA desk guide will be distributed to the field in the first quarter of 2006.
OIG #3G - Inventory Management	
• OIG reviews of inventory management practices have identified significant management challenges involving various supply categories and excessive expenditures of hundreds of millions of dollars. • Our August 2004 Bay Pines/CoreFLS report concluded that in spite of repeated notices by VHA of the need for an efficient inventory management program, the VAMC did not fully or adequately implement VA's Generic Inventory Program (GIP) to manage inventories. • During 2005, OIG CAP reviews continue to identify systemic problems with inventory management caused by inaccurate information, lack of expertise needed to use VA's Generic Inventory Program (GIP), and failure to use the system at some supply points in medical centers. Management of supply inventories was deficient at 36 of 38 facilities tested.	• The Office of Acquisition and Materiel Management has developed a national item file that will force standardized identification for supplies and ensure that all items are accounted for in perpetual inventory accounts; sponsored materiel management seminars that promote the use of and include technical training for GIP; and transferred the supply, processing, and distribution (SPD) program to VHA providing for more authority in managing the SPD program. • In February 2004, VA created the Office of Business Oversight to conduct oversight and monitoring of financial, capital asset management, acquisition, and logistics activities across the Department. • The VHA Chief Logistics Officer continues to monitor inventory issues. To date, all inventories have been certified as implemented. Inventories are being monitored to ensure continued use of GIP, lower levels of inactive and long supply stock, and overall lower dollar value of inventory. • Actions currently underway to address the recommendations include: creation of standardized business processes for inventory management, creation of a national report server, IFCAP/GIP programming changes, separate performance measures for recurring stock vs. just-in-case stock, rewrite of VHA Handbook 1761.2, Inventory Management, and GIP continuing education.

OIG SUMMARY TABLE

Major Findings & Recommendations	Responses
Enabling Goal: Applying Sound Business Principles, continued	
OIG #4 – Financial Management Area Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #4A - Financial Management Control	
• Annual consolidated financial statements (CFS) audit work continues to report the lack of an integrated financial management system as a VA material weakness. • As a result, CFS work in VA requires significant manual compilations and labor-intensive processes for the preparation of auditable reports and increases the risk of materially misstating financial information. • VA believed that CoreFLS would resolve OIG concerns. Operational testing of CoreFLS began in October 2003 at three VA facilities, with implementation at further sites to be phased in, and full implementation scheduled for March 2006. After our August 2004 Bay Pines/CoreFLS report was issued, VA discontinued implementation of CoreFLS and the test sites resumed operation within VA's existing financial management system in early 2005. Three financial management and control recommendations remain unimplemented. • VA is now evaluating how it will proceed with the deployment of a functioning financial management system. In looking at VA's program response and based on OIG experience with the CoreFLS review, we view the Office of Finance's plan to develop a Web-based single system that will improve the accessibility of financial data, provide ad-hoc reports, and secure access within an integrated computer environment in 2006 as a positive interim step towards correcting the material weakness; but this interim step also represents a formidable major management challenge.	• The Office of Finance is implementing a remediation plan that creates a dual path to substantially reduce material audit weaknesses associated with the lack of an integrated financial management system (refer to page 209 for further information). • The first path focuses on improving the quality and timeliness of VA's financial data by developing a single and centralized Web-based data repository of information that is currently maintained in several different legacy systems. • The second path will reduce the significant manual compilation and labor-intensive processes for the preparation of VA's consolidated financial statements and other standardized automated accounting reports by producing them from a single database using standardized formats; thus decreasing the risk of materially misstating financial information, strengthening reporting controls, automating the collection and consolidation of accounting data, and reducing the lead time required to produce reports. • The remediation plan should reduce the material weaknesses and make VA's financial management system substantially compliant with the Federal Financial Management Improvement Act. • As it pertains to the three open management and control recommendations, the Office of Business Oversight continues to review expenditures made to the CoreFLS vendors and review all travel expenditures submitted by the vendor. The issue of discounts for Phase IV work and/or award fee will be considered within the context of the OIG's continuing investigation of this matter.

OIG SUMMARY TABLE

Major Findings & Recommendations	Responses
Enabling Goal: Applying Sound Business Principles, continued	
OIG #4 - Financial Management Area, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #4B - Data Validity	
• The Government Performance and Results Act (GPRA) requires agencies to develop measurable performance goals and report results against those goals. Successful implementation requires that information be accurate and complete. • Our July 2005 report indicated outpatient scheduling procedures need to be improved to ensure accurate reporting of veterans' waiting times and facility waiting lists. Of the 505 appointments, only 330 appointments (65 percent) were scheduled with 30 days of the desired date—well below the VHA goal of 90 percent and the medical facilities directors' reported accomplishment of 81 percent. Even though the report was just issued in July 2005, VHA has already completed action on one of eight recommendations. • Until the remaining key measures are reviewed, this issue will remain a major management challenge. While we plan to review a key performance reporting measure annually, VA staff should do a thorough review of the remaining issues and provide the OIG assurance that data validity problems do not exist or have been corrected.	• VA continues to review and take steps to ensure the validity, not only of key performance measures, but of all workload and performance data. • For further information on the Department's efforts to improve its data quality, refer to the "Assessment of Data Quality" section on page 145.
OIG #4C - Workers' Compensation Program	
• VA continues to suffer significant risk for Workers' Compensation Program (WCP) abuse, fraud, and unnecessary costs from inadequate case management and fraud detection. • Our August 2004 report found that ineffective case management and program fraud resulted in potential unnecessary/inappropriate costs to VA totaling $43 million annually. These costs represent potential lifetime compensation payments to claimants totaling $696 million. Additionally, an estimated $113 million in avoidable past compensation payments were made that are not recoverable. • While the Department has begun to take action, only 1 of 15 recommendations is fully implemented.	• VA has implemented significant initiatives to address OIG findings and recommendations. • A Workers' Compensation Strategic Planning Committee was formed in October 2004 and a strategic plan was approved in February 2005 consisting of five strategic goals: case management; return to work; education; partnerships; and identify and reduce fraud, waste, and abuse. The committee meets monthly to review progress toward meeting the goals. • Four of the 15 identified items have already been completed and substantial progress has been achieved on the remaining items.

OIG SUMMARY TABLE	
Major Findings & Recommendations	**Responses**
Enabling Goal: Applying Sound Business Principles, continued	
OIG #4 - Financial Management Area, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #4D – Federal Energy Management Cost	
• Our March 2005 report found that VA needed to strengthen compliance with Federal energy management policies and improve the reliability of data. We estimated VA could better use $12.9 million annually.	• The Office of Asset Enterprise Management (OAEM) in the Office of Management assumed leadership of VA's energy conservation program in March 2003 and issued a new energy policy directive and handbook in July 2003. • The directive and handbook direct each VA administration to audit 10 percent of its facilities each year, train acquisition and energy management staff, and designate energy managers for each region. • By the first quarter of 2006, OAEM will revise the 2003 policy directive and handbook to reflect the new requirements for federal agencies regarding an annual reduction in energy consumption. • NCA designated an office to serve as the energy liaison with the Department and coordinate NCA's energy program in conjunction with NCA subject matter experts. • VHA has an energy coordinator responsible for the implementation of energy initiatives throughout the Administration. VHA has been working with OAEM to develop a comprehensive energy policy. • VBA designated an energy management official and energy liaisons to serve on VA's Energy Team. The team serves as the point of contact for data collection, analysis, and reporting of VBA energy conservation efforts.

OIG SUMMARY TABLE

Major Findings & Recommendations	Responses
Enabling Goal: Applying Sound Business Principles, continued	
OIG #4 - Financial Management Area, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #4E – Medical Care Collections Fund	
• In our December 2004 report, we evaluated the appropriateness of Medical Care Collections Fund (MCCF) first party billings and collections for certain veterans receiving C&P benefits. We found that 89 percent of the veteran cases reviewed had debts referred inappropriately to VA's Debt Management Center because of inaccurate eligibility information regarding the veteran's C&P status in the Veterans Health Information Systems and Technology Architecture system. Currently, two of four recommendations remain unimplemented. • In 2005 OIG CAP reviews examining MCCF activities found deficiencies at 19 of 21 facilities tested.	• During the October 2004 Chief Business Office (CBO) nationwide conference call, guidance was provided instructing field staff to follow up with VBA when new awards are made to determine the effective date of the award. Additionally, during the February 2005 nationwide conference call, the CBO provided specific guidance to field facilities recommending that the Diagnostic Measures First Party follow-up report be run monthly. • The Health Eligibility Center (HEC) staff continues to place a priority on resolving the C&P status changes that require manual resolution. • The combination of continued priority processing of the review file cases and improved automated processing of VBA updates will effectively address the OIG recommendation. • With regards to fee billing, the VHA CBO established a field committee comprised of both field and Central Office staff to identify best practices associated with capturing potentially billable cases and develop automation to support that process. • VBA will continue working cooperatively with VHA to improve and enhance data and information exchange. • During 2005 the Office of Business Oversight (OBO) increased reviews of revenue operations, performing reviews of nine VA medical facilities. OBO also assisted VHA in reducing outstanding third party accounts receivable by performing an analysis of the outstanding receivable balances.

OIG Summary Table

Major Findings & Recommendations	Responses
Enabling Goal: Applying Sound Business Principles, continued	
OIG #5 – Information Management Security and Systems Area Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
OIG #5A - Information Security	
• In our March 2005 report, we identified significant information security vulnerabilities that place VA at considerable risk of denial of service attacks, disruption of mission-critical systems, fraudulent benefits payments, fraudulent receipt of health care benefits, unauthorized access to sensitive data, and improper disclosure of sensitive data. All 16 recommendations for improvement remain unimplemented. • OIG CAP reviews conducted from October 2003 through August 2005 continue to identify information security weaknesses. We have reported security weaknesses and vulnerabilities at 45 of 60 VA health care facilities and 11 of 21 VA regional offices where security issues were reviewed.	• VA is recommending closure of two recommendations contained in the OIG's March 2005 audit report and several issues contained in other recommendations for which corrective action has been implemented. VA is taking significant corrective actions in the following critical areas: certification and accreditation, patch management and vulnerability assessment, technology to protect the VA wired network from wireless devices, intrusion detection, external connections, configuration management, physical security, electronic transmission of sensitive data, and critical infrastructure protection. • It is anticipated that VA's implementation of Federal Information Processing Standards Publication 201 (FIPS 201) requirements will correct concerns about background checks and contract employees as presented in the OIG report. However, this issue has not been finalized by OMB.
OIG #5B - Information Systems Development	
• From April 2004 through March 2005, we issued 42 reports and management letters that cited the need to improve information security, application controls in financial systems, and general controls over access to the VA data centers and operations. • Our August 2004 report on Bay Pines/CoreFLS indicated that the deployment of CoreFLS encountered multiple system development problems. In fact, CoreFLS was deployed at the Bay Pines facility without resolving numerous OIG-reported risks, including inadequate training and concerns about not using a parallel processing system during deployment. Currently, there are eight recommendations that remain unimplemented. • In March 2005, we also reported on VA's implementation of the Zegato Electronic E-Travel Service, disclosing that VA's initial efforts to test and implement the service failed to meet VA's requirements and user needs, and project managers were not effectively managing its implementation. While VA has completed many actions, all 10 recommendations remain open.	• In April 2005 the Chief Information Officer sent a memorandum to the OIG requesting that the remaining recommendations regarding previous plans for implementation of a new integrated financial management system be closed since the Department was still evaluating what course of action would be most prudent for development and implementation of this type of system. VA has now initiated a 4-year remediation program to eliminate the existing material weakness—Lack of an Integrated Financial Management System. This new program will be referred to as VA's Financial and Logistics Integrated Technology Enterprise (FLITE)—the goal of which is to correct financial and logistics deficiencies throughout the Department. • In January 2005 VA selected Electronic Data Systems (EDS) from GSA's e-Travel Service (eTS) master contract to provide eTS to VA. Shortly after awarding the task order, VA conducted testing to review the functionality of FedTraveler.com to ensure all items in the "request for quotes" were met. A gap analysis document was provided to EDS, listing all items found deficient by VA. All items are required to be completed before VA will implement FedTraveler.com.

For further details on OIG-identified Major Management Challenges, please see www.va.gov/budget/MMC_Complete.pdf

The U.S. Government Accountability Office (GAO) evaluates VA's programs and operations. The GAO-identified Major Management Challenges for 2005 are summarized below by strategic goal together with VA's responses.

GAO SUMMARY TABLE	
Major Findings & Recommendations	**Responses**
Strategic Goal #1: Restoration and Improved Quality of Life for Disabled Veterans	
GAO #1 - Ensure Access to Quality Health Care Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
GAO #1A - Access to Acute Care, Long-term Care, and Specialized Health Care Services	
• VA needs to strategically plan how best to use its resources and funding to provide equitable access to veterans needing acute care services, while also providing a growing elderly veteran population with institutional and non-institutional long-term care services. • VA also faces challenges in making blind rehabilitation and mental health care services, including those for post-traumatic stress disorder, more widely available to its enrolled veteran population.	• VA continues implementing and refining Advanced Clinic Access, a patient-centered, scientifically based set of redesign principles and tools that enable staff to examine their processes and redesign them. • VA added a network-level performance measure on access to home and community-based care services. • VA continues to monitor multiple workload and other descriptive measures of long-term care programs. Data on unique veterans, visits, census, and eligibility priority groups are now routinely collected and analyzed. • VA continues expanding access to specialty post-traumatic stress disorder (PTSD) care. Thirty-one new or expanded PTSD programs were funded in 2005, including eight new PTSD clinical teams, two new day hospitals, and three new women's programs, in addition to several new Military Sexual Trauma programs. • Thirty-four Returning Veterans Outreach, Education and Care programs are being established in areas where there are high numbers of returning veterans. These programs will provide preventive health training and associated psychosocial supports to returning veterans as well as identify those in need of treatment for specific mental disorders. • VA continues to improve its capacity to make blind rehabilitation services more widely available and to ensure that program data are managed efficiently. Monthly statistical reports on waiting times are being submitted to and monitored by VHA's Blind Rehabilitation Service (BRS). • A directive specifying procedures for processing applications to BRS programs and how to calculate the wait times for admission to inpatient Blind Rehabilitation Centers is expected to be published by the end of the first quarter of 2006.

GAO SUMMARY TABLE	
Major Findings & Recommendations	**Responses**
Strategic Goal #1: Restoration and Improved Quality of Life for Disabled Veterans, continued	
GAO #1 - Ensure Access to Quality Health Care, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
GAO #1B - Patient Safety	
• VA should conduct more thorough screening of the personal and professional backgrounds of health care providers to minimize the chance of patients receiving care from providers who may be incompetent or who may intentionally harm them. • VA needs to strengthen its human subject protections program by addressing continuing weaknesses in the program.	• VA is implementing primary source verification of all licenses, registrations, and certification and expanding the credentialing process for all licensed, registered, and certified health care personnel. • During 2005 VA achieved full compliance in credentialing all physician assistants and advanced practice registered nurses using VetPro. VetPro is VA's Web-based credentialing data bank. Software modifications have been made to VetPro to allow it to serve as a verifying tool for all VHA existing state licenses and national certificates, and staff have been trained in its use. • VA has taken steps to strengthen its human research protection programs including staff training, conference calls, and research program accreditation by the National Committee for Quality Assurance. In 2005, 48 VA facilities were accredited, with the goal of having all facilities accredited by the end of 2006.

GAO SUMMARY TABLE	
Major Findings & Recommendations	**Responses**
Strategic Goal #1: Restoration and Improved Quality of Life for Disabled Veterans, continued	
GAO #4 - Improving Veterans' Disability Program: A High-Risk Area Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
GAO #4A - Timeliness and Accuracy	
• VA faces continuing challenges in improving its veterans' disability program. Although some progress has been made, VA is still far from meeting its timeliness goal.	• Progress in achieving timeliness and inventory goals is significantly affected by the increasing numbers of claims being received and the increased complexity of those claims. • The number of veterans filing initial disability compensation claims and claims for increased benefits has increased every year since 2000. • Complexity is a factor, particularly because of evolving legal interpretations of requirements issued by the Court of Appeals for Veterans Claims such as the ruling that required decisions on issues not claimed by the veteran but which are "reasonably raised by the medical evidence of record" ("inferred issues"). • The Veterans Claims Assistance Act, passed in November 2000, increased VA's notification and development duties considerably, adding more steps to the claims process and lengthening the time it takes to develop and decide a claim and also requiring that VA review the claims at more points in the decision process. • In addition to the increased volume and complexity of claims, the number of conditions for which veterans claim entitlement to disability compensation continues to increase. • VA continues to use the national Systematic Technical Accuracy Review (STAR) process to gauge accuracy of claims processing. National training efforts use STAR error trend analyses, and regional office-specific training is offered during site visits.

GAO SUMMARY TABLE	
Major Findings & Recommendations	**Responses**
Strategic Goal #1: Restoration and Improved Quality of Life for Disabled Veterans, continued	
GAO #4 - Improving Veterans' Disability Program: A High-Risk Area, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
GAO #4B - Consistency of Claims Decisions	
• VA needs to address concerns about possible inconsistencies in disability claims decisions made by its 57 regional offices and better report and use the data on the accuracy of its decisions.	• VA concurred with the recommendations GAO outlined in the November 2004 report, *Veterans Benefits: VA Needs Plan for Assessing Consistency of Decisions*. • VA is examining data and data sources, including data collected from the Rating Board Automation (RBA 2000) system, for development of ongoing systemic reviews for possible inconsistencies. VA developed a detailed plan to identify inconsistencies in decision-making. • In March 2005, a working group of subject-matter experts identified elements needed to measure specific rating criteria for given medical conditions. • Every 2 to 3 years, VA will conduct a thorough review on each of the identified disability areas that pose consistency challenges.
GAO #4C - Staffing Level Justification	
• VA needs to provide more transparency in its justification for staffing levels in the disability compensation and pension program and use better staff attrition data and analysis in its workforce planning.	• VA's planning documents will include more detailed information on areas that impact incoming and completed workload.
GAO #4D - Program Transformation and Modernization	
• VA, along with the Social Security Administration, should seek both management and legislative solutions to transform their programs so that they are in line with the current state of science, medicine, technology, and labor market conditions.	• Congress passed legislation in 2003 to create a commission (the Veterans' Disability Benefits Commission) to study the appropriateness of VA disability and death benefit programs and to provide recommendations for change to Congress and the President. The Commission held its first meeting in May 2005, and has 15 months to issue its final report to Congress.

GAO SUMMARY TABLE

Major Findings & Recommendations	Responses
Strategic Goal #2: Smooth Transition to Civilian Life	
GAO #2 - Manage Resources and Workload to Enhance Health Care Delivery Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
GAO #2A - Resources and Workload Management	
• VA confronts an accelerating need to manage resources and workload by finding more efficient ways to meet veterans' increasing demand for health care. • VA must continually assess the demand for its services so that it can adequately plan for the number of eligible veterans seeking care.	• VA continues to address ways to better allocate comparable resources for comparable workload through ongoing review and analysis of the Veterans Equitable Resource Allocation (VERA) system. • VA also uses the VA Enrollee Health Care Projection Model to assess future demand and resource needs. VA uses this actuarial-based model to analyze various health care policies, and projections serve as a foundation for VA's health care budget request. To ensure the accuracy of the model, the methodology is continually assessed and refined, and the data sources are regularly updated.
GAO #2B – VA/DoD Efficiencies	
• VA and the Department of Defense (DoD) need to find additional efficiencies through increased sharing of resources and joint purchasing of drugs and medical supplies.	• VA and DoD are working to find additional systemic efficiencies through the increased sharing of resources for the joint purchasing of drugs, non-drug medical supplies, equipment, and services. • The DoD/VA Joint Executive Council (JEC) meets quarterly to identify and explore opportunities for sharing health care resources and business systems. The highest levels of DoD and VA leadership are represented on the JEC, including the Under Secretary of Defense for Personnel and Readiness and the Deputy Secretary of Veterans Affairs. • As of July 2005 there were 84 joint national contracts for pharmaceuticals, with 11 more contracts pending and 19 contracts being proposed for review. • Modifications were completed to all DoD radiology contracts allowing VA to order diagnostic imaging services using these contract vehicles. In the third quarter of 2005, DoD and VA issued 100 joint contract orders for non-drug purchases totaling $47 million. • A plan that includes monitoring and tracking of DoD/VA joint purchases of non-drug medical supplies and equipment was developed and implemented. • DoD and VA have begun working with industry to develop standards for uniform nomenclature and identification of medical and surgical products.

GAO SUMMARY TABLE	
Major Findings & Recommendations	**Responses**
Strategic Goal #3: Honoring, Serving, and Memorializing Veterans	
The GAO did not identify Major Management Challenges related to this goal.	
Strategic Goal #4: Contributing to the Nation's Well-Being	
GAO #3 - Prepare for Biological and Chemical Acts of Terrorism Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
• VA has taken a number of steps to help ensure that its facilities and staff are prepared to respond to emergency situations, including biological and chemical acts of terrorism.	• VA completed procurement of 143 pharmaceutical caches located at VA medical centers and continues its decontamination training and procurement program. • VA participated in major governmentwide exercises designed to address response to chemical and biological acts, and has conducted internal Continuity of Operations exercises. • VA published a new Comprehensive Emergency Management program to address continuity of operations, as required by Federal Preparedness Circular 65. • VA also conducted the *Survey Assessment of VA Medical Centers' Emergency Preparedness*. This assessment analyzed data relating to both facility and staff preparedness. • VA completed a manpower analysis of the Department's ability to assign adequate numbers of personnel with requisite skills and training to meet external emergency preparedness commitments without negatively impacting VA's core service delivery and operations during a catastrophic event.

GAO SUMMARY TABLE

Major Findings & Recommendations	Responses
Enabling Goal: Applying Sound Business Principles	
GAO #5 - Developing Sound Departmentwide Management Strategies to Build a High Performing Organization Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
GAO #5A - Financial Management Weaknesses: Information Systems Security and Financial Management System Integration	
• Inadequate information security controls continue to place VA's sensitive financial and veteran medical information at risk of inadvertent or deliberate misuse or fraudulent use. • The lack of an integrated financial management system impedes VA's ability to prepare, process, and analyze financial information to support the timely preparation of its financial statements. These material internal control weaknesses also contribute to VA's lack of substantial compliance with federal financial management systems requirements under the Federal Financial Management Improvement Act of 1996.	• VA is taking corrective actions in the following areas of information security: ➢ Certification and Accreditation ➢ Intrusion Detection ➢ Configuration Management • VA is implementing a remediation plan that creates a dual path to substantially reduce the material audit weaknesses associated with the lack of an integrated financial management system. • The first path focuses on improving the quality and timeliness of VA's financial data by developing a single and centralized Web-based data repository of information that is currently maintained in several different legacy systems. • The second path will reduce the significant manual compilation and labor-intensive processes for the preparation of VA's consolidated financial statements and other standardized automated accounting reports by producing them from a single database using standardized formats, thus decreasing the risk of materially misstating financial information, strengthening reporting controls, automating the collection and consolidation of accounting data, and reducing the lead time required to produce reports. • The remediation plan should reduce the material weaknesses and make VA's financial management system substantially compliant with the Federal Financial Management Improvement Act.

GAO SUMMARY TABLE	
Major Findings & Recommendations	**Responses**
Enabling Goal: Applying Sound Business Principles, continued	
GAO #5 - Developing Sound Departmentwide Management Strategies to Build a High Performing Organization, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
GAO #5B - Enterprise Architecture Documentation	
• Key documentation critical to effectively implementing and managing the architecture needs to be finalized, and policies and guidance for ensuring sound management of VA's investment portfolio need to be completed.	• VA completed development of Enterprise Architecture (EA) Version 4.0. The final draft was submitted to OMB in May 2005. This incorporates graphic representation of VA business processes, as well as implementation of both sharable service components and technical "pattern" solutions as prescribed within the OMB System Reference Model and Technical Reference Model. • VA completed OMB's EA "Completion and Use Plan" and a self assessment of OMB's EA Capability Maturity Model (CMM). VA submitted these plans to OMB in May 2005. They detail VA's recent EA accomplishments and planned EA improvements through May 2007. VA received a score of 3.0, a substantial improvement in its CMM score. • Within EA Version 4.0, substantial progress has been made toward EA influencing the capital investment process and the project milestone review process. The full EA Version 4.0 Web portal was provided to GAO in July 2005.
GAO #5C - Performance Measures	
• VA also faces the challenge of establishing performance measures that show how well its IT initiatives support veterans' benefits programs.	• In health care, VA received national recognition as a result of groundbreaking achievements in the areas of technology-dependent bar coding, computerized records, and telemedicine. • VA is working with DoD to improve information sharing and significantly expedite the transfer of medical records and other information to VA. • VA put more than 3 million interment records, dating back to the Civil War, on its National Cemetery Administration Web site. Through the use of information technology, the Nationwide Gravesite Locator allows a user to find a veteran's gravesite quickly and easily using only the name of the deceased veteran.

GAO SUMMARY TABLE

Major Findings & Recommendations	Responses
Enabling Goal: Applying Sound Business Principles, continued	
GAO #5 - Developing Sound Departmentwide Management Strategies to Build a High Performing Organization, continued Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
GAO #5D – VA/DoD Information Sharing	
• VA is proceeding with efforts to share electronic health information for veterans and active-duty servicemembers, but faces the challenge of clearly defining its strategy and technological approach to realize this exchange of information.	• VA and DoD have made significant progress toward implementing a strategy to achieve interoperability of health information. This strategy is known as the VA/DoD Joint Electronic Health Records Interoperability plan. The Departments are working to achieve interoperability between data repositories. • Since May 2002, DoD has transmitted military health record data on over 3 million unique and separated servicemembers. The data are stored in a secure shared repository and are available for viewing by VA clinicians. As of the third quarter of 2005, over 1 million of those patients had presented to VA for care. In addition, in October 2004, VA and DoD first implemented the Bidirectional Health Information Exchange (BHIE). BHIE now supports the bidirectional exchange of outpatient pharmacy, laboratory results, text-based radiology results, and allergy information. BHIE is presently installed at all VA facilities; VA is working closely with DoD to conduct additional installations at locations where shared patients present for care. To support this exchange of information, VA and DoD have also entered into a memorandum of understanding (sponsored by both the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the privacy programs of both of the departments) that outlines the specific authorities to share information under applicable privacy regulatory requirements. • Efforts are underway to provide VA access to claimants' personnel information found in the Defense Integrated Military Human Resources System through the DoD/Defense Manpower Data Center interface when it is fielded in late 2005. • VA has already interfaced with the imaged Official Military Personnel Files for the Army, Navy, and Marine Corps via the VA Personnel Information Exchange System and the Defense Personnel Records Image Retrieval System. The result is early identification of recently discharged DoD servicemembers. In just 3 days, VA can verify the honorable discharge status of the servicemember as contrasted with 90 days without the shared information system.

GAO SUMMARY TABLE

Major Findings & Recommendations	Responses
Enabling Goal: Applying Sound Business Principles, continued	
GAO #6 - Protecting the Federal Government's Information Systems and the National's Critical Infrastructures: A High-Risk Area Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
• This area continues as a governmentwide high-risk area. • Additional federal agency and governmentwide efforts are needed to establish effective information security programs that are consistent with the Federal Information Security Management Act of 2002 (FISMA), including allocating sufficient agency resources and monitoring policy and control effectiveness. • Federal cyber critical infrastructure protection actions should also include developing policy and guidance, improving analysis and warning capabilities, enhancing trusted relationships, promoting productive information sharing, and identifying R&D requirements. *(**Note:** GAO feedback here is not VA-specific.)*	In accordance with FISMA, VA has established an agency-wide information security program that establishes the following: • Policies, procedures, and guidelines that reduce risk to an acceptable level, ensure that security is addressed throughout the life cycle of each Department information system, and ensure compliance with applicable statutes and executive branch directives. • Security plans for the Department's information systems. • An online, Departmentwide cyber security awareness module, which is updated annually and used as a means to satisfy the requirement for annual security awareness training. • Periodic testing and evaluation of the effectiveness of the Department's information security program and a process for planning, implementing, evaluating, and documenting remedial action to address information security deficiencies. • Procedures for detecting, reporting, and responding to security incidents. • Plans and procedures to ensure continuity of operations through a national incident response capability. • Departmentwide and local contingency planning initiatives.

GAO SUMMARY TABLE

Major Findings & Recommendations	Responses
Enabling Goal: Applying Sound Business Principles, continued	
GAO #7 - Federal Real Property: A High-Risk Area Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
• Federal real property continues as a governmentwide high-risk area. • Efforts to address the problems have been initiated including a Presidential Executive Order on real property reform and OMB's development of guiding principles for real property asset management. • GAO continues to believe that there is a need for a comprehensive, integrated transformation strategy for real property. *(**Note:** GAO feedback here is not VA-specific.)*	• In June 2004 VA produced its first 5-year capital plan (FY 2004-2009), a systematic and comprehensive framework for managing the Department's portfolio of more than 5,500 buildings and approximately 32,000 acres of land. • VA's asset management plan, approved by OMB in December 2004, serves as a companion document to the 5-year capital plan and provides information on the following: ➢ The Department's capital budget. ➢ The VA capital asset management philosophy. ➢ A description of VA's capital portfolio goals. ➢ A description of the important elements found in the business case (OMB Exhibit 300). ➢ Illustration of the actions being taken by VA to improve the formulation and operational management of its portfolio. ➢ A description of VA's sustainment model. ➢ A description of the valuation mechanism used at VA. ➢ A description of the human capital strategies employed, including the policies developed to govern asset management at VA. • VA has also taken the following actions over the past several years: ➢ Created the Office of Asset Enterprise Management (OAEM) to promote capital programming strategies. ➢ Created the Office of Business Oversight within the Office of Management, combining multiple functions into a single office and also streamlining field operations. ➢ Established Capital Asset Managers at the regional level. ➢ Established CARES and CARES Re-Use process designed to identify VA infrastructure needs for the 21st century.

GAO SUMMARY TABLE

Major Findings & Recommendations	Responses
Enabling Goal: Applying Sound Business Principles, continued	
GAO #8 - Strategic Human Capital Management: A High-Risk Area Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
• Strategic human capital management continues as a governmentwide high-risk area. • Agencies—working with the Congress and OPM—must do the following: ➢ Assess future workforce needs, especially in light of long-term fiscal challenges. ➢ Determine ways to make maximum use of available authorities to recruit, hire, develop, and retain key talent to meet their needs. ➢ Build a business case to request additional authorities as appropriate. ➢ Reform performance management systems to better link organizational and individual results. *(**Note:** GAO feedback here is not VA-specific.)*	• VA implemented a Web-based workforce and succession planning process at all levels of the Department. Each organizational plan identifies strategies, challenges, mission-critical occupations, and action plans to address gaps. • VA developed revised qualification standards for 21 occupations covering over 18,000 employees; we are collaborating with our labor organizations, as required by law, over implementation. • VA negotiated a mid-term contract change with the American Federation of Government Employees. This change would implement a five-tier performance appraisal system in place of the current pass/fail system, strengthen managers' ability to reward through pay for performance, and ensure individual employee performance standards are more closely aligned with organizational goals.
GAO #9 - Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security: A High-Risk Area Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
• This is a new governmentwide high-risk area for 2005. • Strategies should be developed to address the following: ➢ Information-sharing challenges, including establishing clear goals, objectives, and expectations for participants in information-sharing efforts. ➢ Consolidating, standardizing, and enhancing federal structures, policies, and capabilities for the analysis and dissemination of information, where appropriate. ➢ Assessing the need for public policy tools to encourage private-sector participation. *(**Note:** GAO feedback here is not VA-specific.)*	• Memoranda of understanding have been established between VA, the Bureau of Indian Affairs, DoD, and the Department of Health and Human Services to improve information exchange and sharing arrangements. • VA's large medical centers have entered into a number of cooperative agreements with local community first responder organizations. • VA is planning for the next generation of telecommunications services that will more closely adhere to national standards-based programs. • VA actively participated in drafting the National Response Plan (NRP) and interacts regularly with the NRP lead agencies. • VA maintains a full time presence at the Homeland Security Operations Center. • VA completed installation of the Disaster Management Interoperability Service in its two primary readiness operations centers.

GAO SUMMARY TABLE	
Major Findings & Recommendations	**Responses**
Enabling Goal: Applying Sound Business Principles, continued	
GAO #10 - Management of Interagency Contracting: A High-Risk Area Access the complete narrative for this challenge by clicking here: (http://www.va.gov/budget/report)	
• This is a new governmentwide high-risk area for 2005. • Specific and targeted approaches are needed to address interagency contracting risks. • Roles and responsibilities for managing interagency contracts need clarification. • Agencies need to adopt and implement policies and processes that balance customer service with the need to comply with requirements. (***Note**: GAO feedback here is not VA-specific.)*	• VA has a long-standing internal requirement for review and approval of all proposed interagency agreements in a non-codified section of the VA Acquisition Regulation. • VA has also issued guidance to contracting officers on the use of interagency agreements.

For further details on GAO-identified Major Management Challenges, please see www.va.gov/budget/MMC_Complete.pdf

The President's Management Agenda

The President's Management Agenda (PMA), which was announced in 2001, is an aggressive strategy for improving the management of the federal government. It focuses on key areas of management weakness across the government. VA is working closely with OMB to address weaknesses identified in each of the areas. OMB issues reports quarterly and uses a "stoplight" scorecard to show progress made by each federal agency. VA is reporting on one additional agency-specific area of focus: Improved coordination of VA and DoD programs and systems. The table below summarizes VA's progress and status as of September 30, 2005.

VA's Status and Progress on the President's Management Agenda

	As of September 30, 2005			
Initiative	Status	Change from September 2004	Progress	Change from September 2004
Human Capital	Y	⇔	G	⇔
Competitive Sourcing	R	⇔	R	⇔
Financial Performance	R	⇔	Y	⇧
E-Government	R	⇩	G	⇧
Budget and Performance Integration	R	⇩	G	⇔
Real Property	Y	(*)	G	(*)
DoD/VA Coordination	Y	⇔	Y	⇔
R&D Investment Criteria	-- not updated --			
Eliminating Improper Payments	Y	(*)	G	(*)
Faith-Based & Community Initiative	Y	(*)	G	(*)

(*) This PMA initiative did not exist in September 2004.

The summary tables on the following pages recap, for each PMA initiative, VA's progress during FY 2005 to address issues that OMB identified as needing attention.

Open Items at the Beginning of FY 2005	**FY 2005 Actions and Progress**
Human Capital	
• **Comprehensive human capital plan** - Analyze and use results of plan	• VA completed a departmental human capital plan. • An outline was developed for a national VA plan during first quarter of FY 2005.
• **Organizational structures** - Optimize structure and put a process in place to address future challenges	• VA's organizational structure has been optimized by delayering and redeploying services and personnel to meet the future challenges of our business needs (CARES initiative).
• **Succession strategies** - Continuously update talent pool	• Thirty-two employees were selected for the 2004 SES Candidate Development program. This included 15 females and 17 males. • *Fulfilling the Commitment – Coming Home to Work* is a VA initiative to help reduce the high rate of unemployment among recently separated servicemembers, particularly those injured and medically discharged after returning from Iraq and Afghanistan. To date, 26 servicemembers attached to the Walter Reed Army Medical Center have received valuable work experience through the program with 15 being hired by VA.
• **Performance appraisal plans link, differentiate, and provide consequences** - Establish linkage for 60 percent+ of agency	• VA's negotiations with AFGE and NAGE on a five-tiered performance appraisal system were successfully concluded. The agreement with AFGE is subject to ratification by locals throughout VA. • Pending ratification of the agreement, VA will begin implementation of the five-tiered system. • The successful conclusion of the negotiations would increase the maximum percentage of the workforce covered by the five-tiered system from approximately 50 percent to the 60 percent needed to reach "green" status. • VA obtained provisional certification for the 2005 SES Performance Management System. • VA has adopted the High Performance Development Model in assessing performance of its SESers. This includes eight core competencies and links to performance.
• **Under-representation** - Establish a process to sustain diversity	• The National Veterans Employment program Web site is almost completed. The Web site name, address, and domain are established.

Open Items at the Beginning of FY 2005	**FY 2005 Actions and Progress**
Human Capital, continued	
• **Skill gaps** - Achieve significant reduction in mission critical gaps	• A certification program for HR professionals is in the planning stages. The program is intended to teach basic job skills; a second level certification for mid-level employees is designed to prepare them to move into supervisory and management positions. • PL 108-170 added 22 additional occupations to hybrid status affecting approximately 18,000 employees. Hybrid status provides VA with more flexibility in terms of recruitment and salary for certain "hard-to-fill" positions. VA is the first Department to successfully collaborate with union representatives to begin hybrid implementation during the first quarter of FY 2006.
• **Hiring timelines** - Demonstrate significant progress and improvement	• VA developed a 45-Day Hiring Model and conducted a pilot for collecting data in the second quarter of FY 2005. • A Hiring Makeover project was conducted in VA Central Office with OPM; recommendations were implemented. • A total of four reviews (three on-site and one telephonic) were conducted at field facilities to determine best practices and opportunities to improve HR efficiency and effectiveness.
• **Accountability system** - Use system to make decisions	• The Office of Human Resources Management (HRM) submitted the first annual HR Accountability Report to the Secretary on operational status of HRM programs so that the impact of findings can be taken into account in formulating management decisions. It is in the final review process awaiting the Secretary's signature.

Open Items at the Beginning of FY 2005	**FY 2005 Actions and Progress**
Competitive Sourcing	
• **Secure an approved competition plan** • **Begin standard competitions** • **Begin standard and streamlined competitions** • **Streamlined competitions completed in 90 days or less** •**Announced standard & streamlined competitions cancelled**	• Most VA competitive sourcing was halted because section 8110 of title 38 U.S.C. prohibits VA from conducting cost comparisons on VHA positions unless Congress provides specific funding. • VA is supporting Administration goals by improving the efficiency and effectiveness of operations, and by seeking legislative relief by recommending deletion of the prohibition language and sending letters to key members of Congress.
Other VA-specific activities being undertaken to support this PMA	• The title 38 prohibition targets cost comparisons but does not preclude the development of Most Efficient Organizations or High Performing Organizations. As part of normal business operations and applying sound business principles, VA assesses demand for benefits and services to ensure it has the ability to meet these needs. This market-based analysis often results in VA contracting with the private sector for medical care/other services in specific geographic areas when it provides better value to VA. • If legally authorized, VA will study selected commercial activities on a national and local basis using our three-tiered streamlined market-based analysis approach. VA intends to study about 16 ancillary service functions involving some 35,000 employees over 6 years. ➢Annual salaries for these employees total over $1 billion, and cumulative savings are currently estimated at over $860 million over 6 years. This focus on ancillary functions will allow VA to meet the intent of the PMA and produce long-term cost savings. • VA launched a Management Analysis/Business Process Reengineering initiative and will integrate the results into its workforce planning process. Functional management teams will begin pilot studies of the food service and laundry functions.

Open Items at the Beginning of FY 2005	**FY 2005 Actions and Progress**
Financial Performance	
•**Clean audit opinion**	•VA received an unqualified opinion on its FY 2005 Consolidated Financial Statements from the auditors, continuing the success first achieved in 1999.
•**Meets reporting deadlines**	•VA continues to meet required annual and quarterly reporting deadlines.
•**FFMIA Compliance** -VA continues to be noncompliant with FFMIA due to Federal financial management systems requirements as described for the auditor-reported internal control/material weaknesses.	•VA has an FFMIA remediation plan and a detailed material weakness corrective action plan in place; progress is reviewed monthly. •FFMIA compliance focuses on two audit-related material weaknesses. (See next page for material auditor-reported internal control weaknesses regarding actions and progress.) The weaknesses include: ➢Information Technology Security Controls ➢Lack of an Integrated Financial Management System (LIFMS)
•**No chronic or significant Anti-Deficiency Act Violations**	•VA has no chronic or significant Anti-Deficiency Act violations.
•**Material auditor-reported internal control weaknesses** - VA has two repeat internal control weaknesses	•VA continues to make progress on its two repeat internal control weaknesses – IT Security Controls and LIFMS. •IT Security Controls ➢Actions for HIPAA compliance, certification and accreditation of major VA systems, and enterprise infrastructure have been completed. ➢Actions to correct security-related vulnerabilities in VA's payroll system have been substantially completed, with the final corrective action scheduled for implementation in December 2005; closure expected in FY 2006. ➢Actions to correct security-related vulnerabilities in VA's Financial Management System were completed and are pending OIG review; closure expected in early FY 2006. •LIFMS ➢Although not intended to fully resolve the LIFMS weakness, VA is pursuing implementation of a financial reporting tool that will substantially improve preparation, processing, and analysis of financial information and final preparation of VA's Consolidated Financial Statements.
•**Material non-compliance with laws or regulations** VA is not substantially compliant with FFMIA	•VA is not in substantial compliance with FFMIA due to material weaknesses in IT Security Controls and LIFMS. Progress is being made, but due to the nature of the FFMIA weaknesses, corrective action over several years is required.
•**Material weaknesses in FMFIA** - one for Section 2 - one for Section 4	•VA completed all actions regarding its one Section 4 FMFIA material weakness – PAID System Mission Performance; the OIG approved closure. •Progress was made on the one remaining weakness (Section 2), Internal Controls in the C&P Payment Process; closure expected in FY 2006.

Open Items at the Beginning of FY 2005	**FY 2005 Actions and Progress**
E-Gov	
• **Cost/Schedule/Performance adherence for major IT** - Installation of an Earned Value Management System (EVMS) to report Earned Value on major IT projects - EVMS shows overruns/shortfalls <10 percent	VA completed the following actions: • Published EVMS standard operating procedures; VA's Chief Information Officer directed all Project Managers to use EVMS. • Implemented Primavera's Project Management (Team Play) tool plan and managed development activities for major IT investments. • Submitted agency migration and system alignment plans.
• **Security of operational IT systems** - 90 percent secured and IG verifies and quarterly reports verify	• Completed FY 2004 fourth quarterly FISMA status report to OMB, first quarter of 2005. • Completed the Certification and Accreditation process for all VA IT systems.
• **E-Gov participation and contributions**	• Signed all required memoranda of understanding and transferred requested funding. • Reviewed all budget requests to identify and affirm that no IT acquisitions duplicate E-Gov initiatives.
Budget and Performance Integration	
• **Performance appraisal plans link** - ≥60 percent of agency	• All 58,000 VA non-bargaining unit employees are covered under VA's five-tier performance management system. Coverage of bargaining unit employees under this system is contingent upon successful completion of negotiations with the American Federation of Government Employees.
• **Cost of achieving performance goals** - Marginal cost not yet reported	• During 2005 initial work was begun to prepare for 2006 implementation wherein VA will estimate the marginal cost of changing performance targets or outcomes. We will apply the methodology to a subset of programs during the formulation of the FY 2008 budget.
• **At least one efficiency measure per program**	• Each of VA's ten programs and major operating units within the programs has efficiency measures. In 2005 efficiency measures were created and/or implemented for the following programs: Compensation, Burial, Education, Pension, Insurance, and Medical Research & Development (R&D). • VA submitted its Efficiency Measure Report to OMB in July. The report documents efficiency gains realized during 2004 by program and by performance measure. In many instances, efficiency gains were expressed in quantifiable, dollar value terms.
• **Use of PART ratings** - Justify requests, direct improvements, <10 percent Results Not Demonstrated for more than 2 years in a row	• All Department programs except one (Vocational Rehabilitation and Employment) have completed PART reviews. • In 2005, three programs were reviewed (Insurance, Pension, and Medical R&D); the ratings have not yet been issued.

Open Items at the Beginning of FY 2005	**FY 2005 Actions and Progress**
Real Property	
• **Asset Management Plan** - Evidence that the plan is being implemented to achieve improved real property management by 1st quarter 2006 - Evidence that plan is consistent with Federal Real Property Council (FRPC) standards or expected equivalent	• VA submitted an Asset Management Plan (AMP) to OMB consistent with FRPC guidelines. The plan has been implemented. • The AMP contained an approved "building block" discussion.
• **Real property performance measures** - Measures used in daily management decision making - Real property management is consistent with agency strategic plan, AMP, and performance measures	•A performance review was initiated with a presentation at the Deputy Secretary's Monthly Performance Review in August 2005. The next review will be in December 2005. The presentation will include highlights of excellent performance for possible best practice lessons and performance shortfalls for possible corrective actions and lessons learned. • VA's capital portfolio goals are directly linked to the Department's strategic plan as described in the AMP.
VA/DoD Coordination	
• **Interoperable Electronic Health Record** - Certify Data Repository - Fully operational October 2005	• Technical complexities of integrating the Clinical Health Data Repository into HealtheVet Vista have delayed the scheduled completion date. • Patient demographics, outpatient pharmacy, and allergy information are scheduled to be integrated in February 2006. • Patient laboratory (Chemistry and Hematology) data are scheduled to be integrated in the third quarter of FY 2006. • All elements will be operational by October 2006.
• **Consolidated Health Informatics** - Identify recommendations for standards in all 24 domains	Together with DoD, VA completed the following actions: • Developed a joint profile on 20 domains. Domains are specific areas that define major health care fields. • Developed a plan to address additional joint IT standards (i.e., common data and communications standards) to improve the electronic interface between DoD and VA health information systems and facilitate the electronic transfer of medical records to VA when servicemembers leave active duty.
• **VA Use of DoD Defense Enrollment/Eligibility Reporting System (DEERS) Data** - Established outcomes set for December 2005 and 4th quarter 2006	• DEERS data were made available to VA regional offices and medical facilities for early identification of recently discharged DoD servicemembers. This previously took 90 days; now data are available within 3 days. • VA refined the data extract procedure from DEERS, which resulted in an additional 69,000 veterans records being identified as part of the database. • The scope of data VA receives on Operation Iraqi Freedom and Operation Enduring Freedom service veterans has been expanded.

Open Items at the Beginning of FY 2005	**FY 2005 Actions and Progress**
VA/DoD Coordination, continued	
• **Establish pilot sharing sites (Natl. Defense Authorization Act)**	• At the Chicago VA Medical Center and the Great Lakes Naval Medical Center, DoD and VA are collaborating in a unique initiative to share services, personnel, and physical plants at the two facilities. • A central governing body manages and oversees opportunities for shared medical services between the two facilities. They are sharing mammography services and have established a joint Women's Health Center for returning female veterans and new Navy recruits. • VA and DoD are developing a joint contract solicitation for the provision of diagnostic imaging services. • Future efforts will focus on identifying commonly used manufacturers, service providers, and vendors for joint contracts and new opportunities as current VA and DoD contracts expire.
• **Develop Graduate Medical Education (GME) Pilot Program 9/30/04** - Develop "time-line" for implementation, 2nd quarter 2005	• VA and DoD approved GME Work Group charter. • We are jointly developing an interim evaluation of outcomes, benefits, and lessons learned from the GME pilot for adjusted completion date of October 2005. • DoD residents entered VA programs including Neurosurgery, Urology, Radiology and Anesthesiology.
• **Single DoD Discharge and VA Compensation Physical Exam 9/30/04** **-** Develop implementation plan, 1st quarter 2005 - Begin implementation, 1st quarter 2005	• The VA/DoD Benefits Executive Council (BEC) examined ways to expand/improve information sharing, refine records retrieval, improve the benefits claims process, and educate servicemembers about the availability of VA benefits. • The BEC advised the Joint Executive Council on issues related to seamless transition from active duty to veteran status through a streamlined benefits delivery process, including developing cooperative physical examinations and pursuit of interoperability and data sharing. • VA currently operates 140 Benefits Delivery at Discharge sites on military installations. The number of signed VA/DoD Memoranda of Understanding rose to 85 from 35 during the past year.
• **Joint Use of VA Consolidated Mail Order Pharmacy (CMOP) Pilot** - Get Continuation Decision, 1st quarter 2005	• VA and DoD are working with industry to develop standards for uniform nomenclature and identification of medical and surgical products to secure a consensus on standard formatting for names and labeling.
• **Joint Purchasing of non-drug medical supplies and equipment**	• The Medical Materiel Management Work Group facilitated the joint purchasing of non-drug medical supplies and equipment. A total of 23 DoD radiology contracts were modified so that VA could add unique VA terms to the contracts. As of June 2005, 100 combined non-drug purchases were made totaling $47 million.

Open Items at the Beginning of FY 2005	**FY 2005 Actions and Progress**
R&D Investment Criteria	
• **R&D programs assessed by PART** - 100 percent are found to be at least "Moderately Effective"	• The Administration conducted a PART re-assessment in 2005. The rating has not yet been issued. • As part of this effort, VA completed the following: ➢Revised the R&D strategic plan. ➢Developed new outcome measures.
• **Agency budget proposals** - Use R&D criteria to influence budget decisions and management changes	• VA developed the Field Research Advisory Committee to provide first-line input into Research management decisions.
Eliminating Improper Payments	
•**Risk Assessment** •**Measurement plan for risk susceptible programs in place and OMB-approved** •**Meets reporting requirements**	• An OMB-approved plan is in place for measuring improper payments on an annual basis; VA has also met milestones established in the plan. • In addition, VA completed the following: ➢A risk assessment for Vocational Rehabilitation and other programs. ➢A statistical sampling of the six programs identified by the risk assessments and implementation of a data tracking tool for property management activities. ➢Improper payment data and recovery audit data are reported as required in the PAR.
• **Reduction Targets** - OMB Approved - Evidence that targets are being met	• A corrective action plan with OMB-approved reduction targets is in place, and targets are being met. • VA has established reduction targets for newly established risk-susceptible programs.
• **Recovery Targets** - OMB Approved - Evidence that targets are being met	• A corrective action plan with OMB-approved recovery targets is in place. • VA established recovery targets for all risk-susceptible programs. • Recovery targets were met for this reporting period. • VA plans to continue implementing the simplification of agency regulations for determining and sustaining disability ratings; this will improve the accuracy of benefit payment amounts and decrease improper payments.

Open Items at the Beginning of FY 2005	**FY 2005 Actions and Progress**
Faith-Based and Community Initiatives	
• First PMA Scorecard evaluation will be on September 30, 2005. • On June 30, 2005, there was an initial "no color" evaluation; therefore none of the standards have been evaluated as either outstanding or unmet.	• VA has developed a Proud to Be management plan. • We have completed all third quarter FY 2005 progress planned actions.

Program Evaluation

The Department conducts program evaluations to assess, develop, and update program outcomes, goals, and objectives and to compare actual program results with established goals.

A contract to conduct a program evaluation of VHA's oncology programs has been awarded to Abt, Inc. and the Harvard Medical School. The evaluation will examine how well VA is providing care to patients diagnosed with six different cancers. A comprehensive facility survey outlining cancer care capabilities within each medical center and several large outpatient centers has been completed. This program evaluation is expected to continue through 2009.

The Office of Policy, Planning, and Preparedness has started preliminary efforts to conduct a program evaluation of VA burial benefits programs. The Program Evaluation Service is currently managing a study team to develop a statement of work for a formal impact evaluation of burial services and benefits administered by the National Cemetery Administration and the Veterans Benefit Administration. This study will review and examine VA's progress in reaching its outcome goals and the impact of VA burial benefits and services on the veteran population. Additional issues are under development and will be addressed during the evaluation.

A contract to evaluate services for seriously mentally ill patients in VA is still under consideration, with negotiations continuing with VHA to define its scope. This large study should provide VHA with valuable information in support of its Mental Health Strategic Plan.

To complete a series of special studies about the Department's emergency preparedness, a needs assessment for maximally efficient and effective field office Security Operations Centers and a design for minimum guidelines for surveillance and monitoring equipmentis in development. It is expected that an award will be made in summer 2006 for this effort.

The Office of Policy, Planning, and Preparedness is supporting the Veterans' Disability Benefits Commission, primarily by providing contract management and support of analytical studies and surveys of disabled and non-disabled veterans.

The Office is working with the Office of the Secretary and VA Administrations to clarify which programs will be evaluated over the next several years.